

# **Copy Application**

**ADC Recovery and  
Counseling Center**

**CN1305-018**

2013 MAY 15 AM 11 41

May 15, 2013

Melanie M. Hill, Executive Director  
Tennessee Health Services and Development Agency  
Frost Building, Third Floor  
161 Rosa Parks Boulevard  
Nashville, Tennessee 37203

RE: CON Application Submittal  
ADC Recovery and Counseling Center  
Memphis, Shelby County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Richard Lodge at Bass, Berry is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,



John Wellborn  
Consultant

**ADC RECOVERY AND COUNSELING  
CENTER**

**CERTIFICATE OF NEED APPLICATION  
TO RELOCATE AN EXISTING  
NON-RESIDENTIAL SUBSTITUTION-BASED  
TREATMENT CENTER FOR OPIATE ADDICTION**

**Filed May 2013**

## ***PART A***

### ***1. Name of Facility, Agency, or Institution***

ADC Recovery and Counseling Center		
<i>Name</i>		
4539 Winchester Road, Suite 1	Shelby	
<i>Street or Route</i>	<i>County</i>	
Memphis	TN	38118
<i>City</i>	<i>State</i>	<i>Zip Code</i>

### ***2. Contact Person Available for Responses to Questions***

John Wellborn		Consultant	
<i>Name</i>		<i>Title</i>	
Development Support Group		jwdsg@comcast.net	
<i>Company Name</i>		<i>E-Mail Address</i>	
4219 Hillsboro Road, Suite 203	Nashville	TN	37215
<i>Street or Route</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>
CON Consultant	615-665-2022	615-665-2042	
<i>Association With Owner</i>	<i>Phone Number</i>	<i>Fax Number</i>	

### ***3. Owner of the Facility, Agency, or Institution***

VCPHCS I, LLC dba Behavioral Health Group		
<i>Name</i>		
8300 Douglas Avenue, Suite 750	Dallas	
<i>Street or Route</i>	<i>County</i>	
Dallas	TX	785225
<i>City</i>	<i>State</i>	<i>Zip Code</i>

### ***4. Type of Ownership or Control (Check One)***

A. Sole Proprietorship	<input type="checkbox"/>	F. Government (State of TN or Political Subdivision)	<input type="checkbox"/>
B. Partnership	<input type="checkbox"/>	G. Joint Venture	<input type="checkbox"/>
C. Limited Partnership	<input type="checkbox"/>	H. Limited Liability Company	<input checked="" type="checkbox"/>
D. Corporation (For-Profit)	<input type="checkbox"/>	I. Other (Specify):	<input type="checkbox"/>
E. Corporation (Not-for-Profit)	<input type="checkbox"/>		<input type="checkbox"/>

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**



**5. Name of Management/Operating Entity (If Applicable)**      **NA**

<i>Name</i>		
<i>Street or Route</i>		<i>County</i>
<i>City</i>	<i>State</i>	<i>Zip Code</i>

**6. Legal Interest in the Site of the Institution (Check One)**

A. Ownership		D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of 10 Years (9 yrs 11 mos)	x		

**7. Type of Institution (Check as appropriate—more than one may apply)**

A. Hospital (Specify): General		I. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	x
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)		P. Other Outpatient Facility (Specify):	
		Q. Other (Specify):	

**8. Purpose of Review (Check as appropriate—more than one may apply)**

A. New Institution		G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	x
C. Modification/Existing Facility		I. Other (Specify):	
D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

**9. Bed Complement Data****NA***(Please indicate current and proposed distribution and certification of facility beds.)*

	<b>Current Licensed Beds</b>	<b>CON approved beds (not in service)</b>	<b>Staffed Beds</b>	<b>Beds Proposed (Change)</b>	<b>TOTAL Beds at Completion</b>
A. Medical					
B. Surgical					
C. Long Term Care Hosp.					
D. Obsetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
<b>TOTAL</b>					

<b>10. Medicare Provider Number:</b>	NA
<b>Certification Type:</b>	NA
<b>11. Medicaid Provider Number:</b>	NA
<b>Certification Type:</b>	NA

**12. & 13. See page 4**

**A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?**

The ADC Recovery and Counseling Center has been operating at its current location in Memphis for more than nine years. It is licensed by the State and is accredited by the Joint Commission. It is proposing to move to another building approximately two miles away.

The facility is an existing State-licensed opioid treatment program (OTP)\* utilizing methadone as a core component of its treatments. Like other such licensed programs in Tennessee, it does not contract with Medicare or Medicaid/TennCare. Very few Medicare-age patients seek admission to an OTP. At this clinic currently, only 2.4% of patients are 65 years of age or older. Please see the explanation in response A.13 immediately below, with respect to TennCare participation.

*\* "Opioid Treatment Program" or "OTP" is becoming the preferred name for the type of State-licensed, comprehensive, clinic-based program that provides methadone or suboxone replacement therapy combined with intensive counseling and social services. Other names frequently given to these programs include "methadone maintenance therapy" (MMT), or "methadone clinic." The current (CY2013) Tennessee licensing category for this type of facility is "Alcohol and Drug Non-Residential Opiate Treatment Facility".*

**A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? No IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.**

**DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.**

In West Tennessee, the available TennCare MCOs are United Healthcare Community Plan (formerly AmeriChoice), BlueCare, and TennCare Select. However, TennCare reimbursement does not cover opioid treatment programs ("OTP's") for

patients over 20 years of age; and this clinic (like the others in Tennessee) serves only adult patients 18 years of age or older. Therefore the "window" of TennCare coverage for OTP services is only patients who are 18-to-20 years of age. Very few persons that young seek admission. In this clinic currently, only 0.7% of the patients (three persons) are 18-21 years of age. As a result, like Tennessee's other OTP's, this Memphis program does not need to formally contract with a TennCare MCOs.

However, this facility is able to serve eligible TennCare enrollees (age 18-20) on a private pay basis. Such TennCare patients work directly with their MCO to be reimbursed personally for their payments to the clinic. The clinic submits to the MCO each patient's medical intake assessment, diagnosis, and most recent treatment plan, to establish medical necessity. TennCare patients who need transportation to the clinic can often utilize transportation contracts between the Bureau of TennCare and local nonprofit organizations.

This treatment model is affordable for opioid-dependent TennCare patients, especially when compared to the costs of not seeking such treatment. Methadone maintenance treatment at this clinic, after initial intake, costs approximately \$98 per week. The only alternative for the addiction is to continue purchasing opioids illicitly "on the street"--which costs the drug user three to four times as much. When self-medicating without the monitoring and support of a comprehensive treatment program, patients' outcomes have proven to be dangerous as well as costly to society.

## **SECTION B: PROJECT DESCRIPTION**

**B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.**

### Proposed Services and Equipment

- The facility is a licensed, Joint Commission-accredited clinic that has been operating more than nine years, at 3041 Getwell Road, near Delta Medical Center in southeast Memphis. The facility proposes to move to leased space in an office park at 4539 Winchester Road. That site is approximately 2 miles southeast of its current location, and still within the southeast Memphis area, and within the same zip code. It is approximately 2.5 miles east of the Memphis Airport.
- The applicant operates an outpatient Opioid Treatment Program ("OTP") that is authorized to dispense daily dosages of opioid substitutes such as methadone and suboxone, to adult patients (age 18+) who are addicted. This is done under rigorous controls that include mandatory drug testing, counseling, and social services. Methadone is a safe, synthetically engineered "substitute" opioid used to relieve and stabilize persons who are dependent on very harmful opioids such as heroin, OxyContin, Dilaudid, morphine, and hydrocodone. A harmless substitute medication such as methadone, taken daily, suppresses patients' cravings for harmful opioids, allowing patients to lead normal lives--holding jobs, maintaining family relationships, and living more safely. Equally important, the applicant's program provides comprehensive behavior therapy and case management services to support the patient's recovery and stabilization.

### Ownership Structure

- The licensed facility's owner is VCPHCS I, LLC, whose only member and parent company is VCPHCS, LP (which does business as Behavioral Health Group, or "BHG"). BHG is Tennessee's largest provider of this type of service. It owns 9 of Tennessee's 12 clinic programs of this type. Attachment A.4 contains a list of BHG's Tennessee facilities in Memphis (3), Jackson, Paris, Nashville, Columbia, and Knoxville (2). BHG owns 21 additional clinics in seven other States.

### Service Area

- The applicant's primary service area consists of a large number of counties around Memphis, located in Tennessee, Mississippi, and Arkansas. Approximately 49% of its patients reside in Tennessee. Shelby County patients comprise approximately 93% of the clinic's Tennessee patients, and approximately 46% of its total patients. Approximately 47% of the clinic's patients reside in Mississippi, the majority of them in DeSoto County.

### Need

- The facility needs a building that is easier for patients to find, has sufficient parking, and is better maintained. The proposed site offers those improvements. The facility's enrollments have been fairly consistent for several years and no increases of utilization are projected in the near future.

### Existing Resources

- This clinic is one of three outpatient Opioid Treatment Programs ("OTP's") in Memphis. All three are owned and operated by BHG. They all serve residents of West Tennessee and nearby States. They are the only three OTP's in the primary service area.

### Project Cost

- The project cost is estimated to be only \$961,168. Of this, only \$670,085 is actual capital cost; the balance is the value of the leased space under HSDA rules.

### Funding

- The applicant LLC and its parent BHG have sufficient funds available to implement the relocation.

### Financial Feasibility

- The program will continue to operate with a positive financial margin in its new location.

### Staffing

- The relocation will not require addition of any staff.

**B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.**

**B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.*) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.**

The applicant is currently located in southeast Memphis, at 3041 Getwell Road, near Delta Medical Center, a few blocks south of the I-240 loop around Memphis. The applicant is proposing to relocate to an office building in the Corporate Park Service Center, Building B, at 4539 Winchester Road in South Memphis. The proposed location is 2.1 miles southeast of the applicant's current address, within the same sector of the city (southeast Memphis), and within the same zip code. It is approximately 2.5 miles east of the Memphis Airport.

This 39,200 SF building is a one-story structure in an office park with ample patient parking spaces. Its zoning is EMP, compatible with the proposed use.

The applicant plans to renovate and occupy an estimated 7,106 SF of space. The finished clinic will contain patient reception, intake, and waiting areas; nursing and physician offices; staff offices and break room; a laboratory; secure pharmaceutical storage in a secure medication room; medication administration spaces ("dosing booths"); a group counseling room that can be partitioned into two group rooms, five private counseling rooms with expansion capability; offices for the Program Director, Counseling Supervisor, and Medical Director; and several bathrooms for staff, patients, and drug screening tests. A layout of the proposed clinic is provided at the end of this response; the floor plan and site plan are provided in the Attachments to the application.

The new space has been designed for efficient, secure, and confidential patient care. It has been planned by BHG, the applicant's parent company, working with Denton Architecture of Memphis. The facility will continue to comply with all State licensure, Federal certification, and accreditation standards.

Arriving patients will park around the building and will enter the clinic reception and waiting area through the north entrance on that side of the building. From there, they will be directed to the appropriate spaces for their scheduled services.

If only dosing is scheduled (administration of medication by a medication nurse), they will proceed to a dosing booth for administration of the medication by a nurse. If counseling is part of their scheduled care that day, they will proceed either to a private, sound-proof counseling office to meet with their assigned counselor, or to a group counseling room. If drug screens and/or lab analysis are required, patients will proceed into an area with multiple patient bathrooms and a laboratory for testing and analysis. If a patient is scheduled to see the Medical Director or Nurse Practitioner for medical care, s/he will proceed to the Medical Director's office.

There will be a secure, locked medication room internal to the building. It will have motion and vibration alarm systems to defeat any attempts to steal pharmaceuticals during or after operating hours. It will have thick plywood shielding in the ceiling and walls, underneath the drywall finishes. It will contain a locked vault, or safe, for storage of pharmaceuticals. The medication room and its vault will meet the Drug Enforcement Administration's OTP-specific security requirements established in 21 CFR Section 1305.

A security guard will be on duty inside and outside the building during operating hours--to manage early-morning traffic, to promote public comfort, to discourage attempts at theft, and to prohibit loitering in or near the property, whether by existing patients or otherwise.

#### Facility Cost, Funding, Financial Feasibility

The project cost for CON purposes has been estimated at \$961,168, of which \$670,085 is the actual capital cost (the balance being the value of leased space). The applicant LLC, through its parent company BHG, has sufficient cash on hand to implement the project. The clinic currently has an established patient base and a positive cash flow and operating margin. These will continue at the new site.



proposed nearby, and (c) its location within the same general area of South Memphis, where it has quietly met patients' needs for almost a decade.

For example, there are no public schools or parks or residential subdivisions within two city blocks of the proposed project. The site is in an almost entirely commercial area, with a few apartment buildings and community churches, but nothing that could be called a "residential neighborhood" nearby. Almost all patient visits to the facility will occur in the early morning hours. The program does not adversely impact any neighborhood activities currently, and it will not have adverse impacts at the proposed location.

The following page lists businesses and other uses of properties within two blocks of the proposed site, in all directions.

ADC Recovery and Counseling Center  
Proposed Site at 4539 Winchester Road, Memphis 38118  
Land Uses Within Two blocks In All Directions

To the East

3599 Winchester vacant	Reese's Bar B Que
4695 Winchester Brunner Printing	Four Sister's Soul Food
Car Wash	Fast Check
4795 Winchester Cubesmart Self Storage	
Light Bulb Depot	
4733 Oakville Masonic Lodge	
4741 The Salvation Army Center for Worship	
Townhouse Village Winchester	
Dees Oil – gas station	
Greater Height Church of God	
Greater Adelaide Ministries	
Cash on the double	
U-Store Self Storage	
Winchester 66 auto repair	
Get away sportsbar	
New Ching restaurant	
Beverage Center	
Lovely Nails	
Cricket	
EZ cash	
Instant Tax	

To the West

Citgo Gas Station	Wendy's
Shell gas station	Church of Christ Memphis
Coin Op Laundry	Family Dollar
Direct Auto Insurance	Sun Beauty Wigs
Z Market	Stonehedge Apartments
Laundry Mat	Med Work Physiotherapy

To the South (All warehouses)

Terminix	Kent Landberg Paperland
NYK Logistics	US Cutter
Ryerson	

To the North

Willow Creek Apartments	Public Storage
Church of Jesus Christ of Ladder day Saints	Dog Wood Apartments
The Villas Apartments	

### Operational Schedule

The project's first full operational year at the proposed new site will be January through December of CY2014. It will operate seven days a week, with only four holidays a year (Memorial Day; Independence Day; Thanksgiving; Christmas).

The clinic's operating hours will continue to be from 5:00 am to 2:00 pm Monday through Friday, and 5:30 am to 9:30 am on Saturday and Sunday. Counseling is provided Monday through Saturday.

The clinic's routine patient service hours (patient dosing) will continue to be 5:30 am to 11:30 am (late dosing until 12:00 noon) on Monday through Friday, and 6:00 am to 9:00 am on Saturday and Sunday.

Program staff, including the Medical Director, are on call 24/7 through the clinic's emergency call numbers, one of which is a cell phone.

### Licensure, Certification, Accreditation

Like all of the BHG clinics in Tennessee, this Memphis facility is currently licensed by the Tennessee Department of Mental Health (DMH) as an "Alcohol and Drug Abuse--Non-Residential Opioid Treatment Facility." The licensure category will change to "Non-Residential Substitution-Based Treatment Center for Opiate Addiction", as the licensing agency re-licenses facilities using the term prescribed in a recent State statute.

The clinic will also continue to be Federally licensed by the Drug Enforcement Administration (DEA) under a "Registered Controlled Substance Certificate," which allows it to handle certain controlled substances. It operates under certification as an opioid treatment program from the Center for Substance Abuse Treatment (CSAT), a branch of the Substance Abuse and Mental Health Services Administration (SAMHSA) in the U.S. Department of Health and Human Services.

All of BHG's Tennessee clinics are accredited either by The Joint Commission or by CARF (a national nonprofit accreditation organization originally founded as the "Commission on Accreditation of Rehabilitation Facilities").

This particular facility is Joint Commission-accredited. The accreditation survey findings, resulting in a three-year accreditation, are provided in the Attachments.

#### Ownership and Management

The ADC Recovery and Counseling Center is wholly owned by VCPHCS I, LLC, a limited liability company. That LLC is wholly owned by VCPHS, LP, a limited partnership, all of whose interests are owned by BHG Holdings, LLC. Entities with 5% or greater membership interests in BHG Holdings, LLC are:

BHG Investments, LLC	84.00%
Andrew Love	7.02%
James Draudt	7.18%

## Program Description

### 1. Staffing

A Program Director supervises all daily operations of the program. Medical supervision and medical care are provided by a Medical Director (assisted by a Nurse Practitioner if requested by the Medical Director), a Nurse Supervisor, Medication Nurses, and Medical Assistants/Phlebotomists as needed. Intake evaluations and counseling are provided by the Program Director and a Counselor Supervisor, with support from Administrative staff and Medical Assistants. The Counselor Supervisor supervises a staff of four clinical counselors. Administrative support persons, maintenance and security personnel provide administrative and facility support.

The staffing pattern will be unchanged at the new location (see section C.III.3 of this application). The applicant projects having an average of one counselor per approximately fifty to sixty patients (dependent on a counselor's mix of new versus stable patients), as reflected in the facility design and staffing pattern, i.e., four counselors, and a counselor supervisor (who in ADC's case also does counseling as well as supervision), for a program seeing 250 patients on average.

The frequency of counseling depends on individual needs, with more intensive counseling required in the early phases of the program (twice weekly during the first 30 days), and less frequent counseling as the patient moves through later phases. With an established program like this, ratios tend toward one counselor per sixty patients because longer-term patients require less frequent counseling. A new program would start off closer to one counselor per thirty patients.

The program's Medical Director, Richard G. Farmer, M.D., is licensed in Tennessee and holds current State controlled-substance registration and a Federal DEA certificate. He received his M.D. from the UT College of Medicine and completed residencies at the U.S. Naval Hospital in Oakland, CA and at UT Memphis. Dr. Farmer is a Diplomate of the American Board of Psychiatry and Neurology. He has held numerous faculty positions at the UT College of Medicine and is a member of the Board of the Memphis Mental Health Institute.

## 2. Program Overview

The objective of the program is to help patients stop using opioids and any other drugs that interfere with their lives, so they can resume normal lives in their homes, workplaces, and communities. This is accomplished through not only a medically managed program of substituting methadone for harmful opioids and encouraging managed withdrawal, but also by simultaneously requiring intensive counseling and support services to help patients change the lifestyles and personal relationships that led them to develop drug dependencies.

Admission to the program is tightly controlled through stringent medical and State and Federal admission criteria. Applicants must be at least 18 years of age. They must demonstrate opioid dependency through assessment screenings and lab work; and they must have been dependent for at least one year. The Tennessee Controlled Substance Monitoring Program Database is checked (at entry, and periodically as needed) to identify narcotic prescriptions that a patient may have had filled. The intake staff also checks adjoining States' prescription registries, and investigates the patients' use of other OTP's within driving range. Inquiries will be made with the patient's personal physician, if any. Admission to the program will be granted only after the Medical Director has met with the patient and is satisfied that the patient is eligible and committed to work toward recovery. In addition to serving its own program enrollees, the clinic also serves a significant number of "guest" patients who are traveling through Memphis and are enrolled in other OTP programs. They are served only after a very detailed screening and certification process coordinated with their "home" OTP program, to ensure their active status in a licensed program and the appropriateness of the care they seek at ADC Recovery and Counseling Center.

The first month of the program is an intensive orientation period to prepare the patient for successful integration into the program. A discharge planning process starts immediately upon intake to reinforce that the patient's goal is to eliminate all drug dependency, including dependence on methadone. The patient meets with the Medical Director and undergoes private counseling with his or her assigned counselor, at least weekly. A comprehensive drug and alcohol assessment is completed during this orientation month. An individualized treatment plan is developed to coordinate the

interdisciplinary requirements of the program. The patient's treatment plan is updated every three months in the first year of treatment, and every six months thereafter. New Patient Orientation group meetings and private individualized counseling twice weekly are required during this orientation month. Dosing and counseling are available at least six hours per day on weekdays, and at least three hours on Saturdays. On Sundays, dosing is available at least three hours and counseling may be provided to accommodate special needs of the patient's schedule.

From the outset of the program, patients receive daily oral doses of a "substitute" medication such as methadone, a synthetic, non-harmful opioid whose effects generally last 24-36 hours. Unlike the other opioids to which the patient is addicted, methadone does not create a "high" or impair mental or bodily function or deteriorate the body physically when properly administered. Methadone's only significant effect is the positive elimination of the cravings for other types of opioids. This medication replacement therapy, coupled with the prolonged support of counseling and social services, enables patients to resume normal lives. Between 60% and 70% of clinic patients are usually employed (most of the other patients are either disabled, retired, or are homemakers).

After the Medical Director has established an appropriate dosage plan, a clinic nurse administers the patient's methadone orally, each day. After a successful orientation month, compliant patients enter the longer-term maintenance program, which consists of nine phases with increasing responsibilities and increasing privileges for compliant participants. Progress through these phases depends on continuous time in treatment as well as on compliance with several standards of behavior, including maintaining "clean" drug screens; abstinence from alcohol; regularly attending the clinic as scheduled; keeping appointments at the clinic and referral agencies; conformity to the clinic's behavioral standards; stability of home and social relationships; and a demonstrated ability to safeguard take-home doses and to ingest them as prescribed by the Medical Director. The privileges earned in moving through the phases include gradual reduction in required counseling from four sessions a month to one per month, and additional take-home doses to reduce the burdens of daily commuting.

During all phases of the maintenance program, the clinic makes unscheduled "call-backs" for patients dosing at home to present at the clinic within 24 hours of notification, to have their medications counted (this assures that the medications are not being diverted for illicit sale or otherwise being administered inappropriately). In addition, both at intake and periodically during treatment, the clinic tests for alcohol consumption.

During all phases of the program, patients who fail to comply with program rules can be discharged or can be returned to earlier "phases" requiring increased attendance, clinic dosing, and more frequent drug screens and counseling--more intensive monitoring and therapy. Rules include: no diversion of the methadone take-home doses (i.e., no stockpiling, selling, or giving away); no attempts to defeat drug screens, no threats of violence; no use of substances of any kind (including alcohol) that are prohibited in the patient's treatment plan; no failures of attendance at required therapies and counseling; no missing of three consecutive clinic dosing appointments; screenings that document the presence of illicit drugs, or the absence of methadone metabolite; etc. A positive drug test result after the first six months of enrollment requires weekly counseling, immediate revocation of take-home privileges, participation in treatment team meetings, and more intensive levels of care.

Services *provided directly by the clinic* include but are not limited to: individual and group counseling, opioid substitution treatment, long-term opioid medically supervised withdrawal or "MSW" (to wean the patient from methadone), physical examinations, lab tests, urine drug screens, minor medical services and referrals, substance abuse assessments and evaluations, TB testing, vocational counseling, case management, and budgeting. The clinic provides on-site prescriber services of one hour per week for every 35 service recipients. A minimum of 12.5% of the required subscriber services is provided by a physician. Services *arranged by the clinic through subcontracting and referral* will include but will not be limited to the following: HIV testing, residential medical social work, residential A&D care, psychiatry, obstetrics services, comprehensive medical services, dental services, employment counseling and vocational placement, educational/GED assistance, family planning, STD testing, financial counseling, nutritional counseling, and special support programs for pregnant women and women with infants.



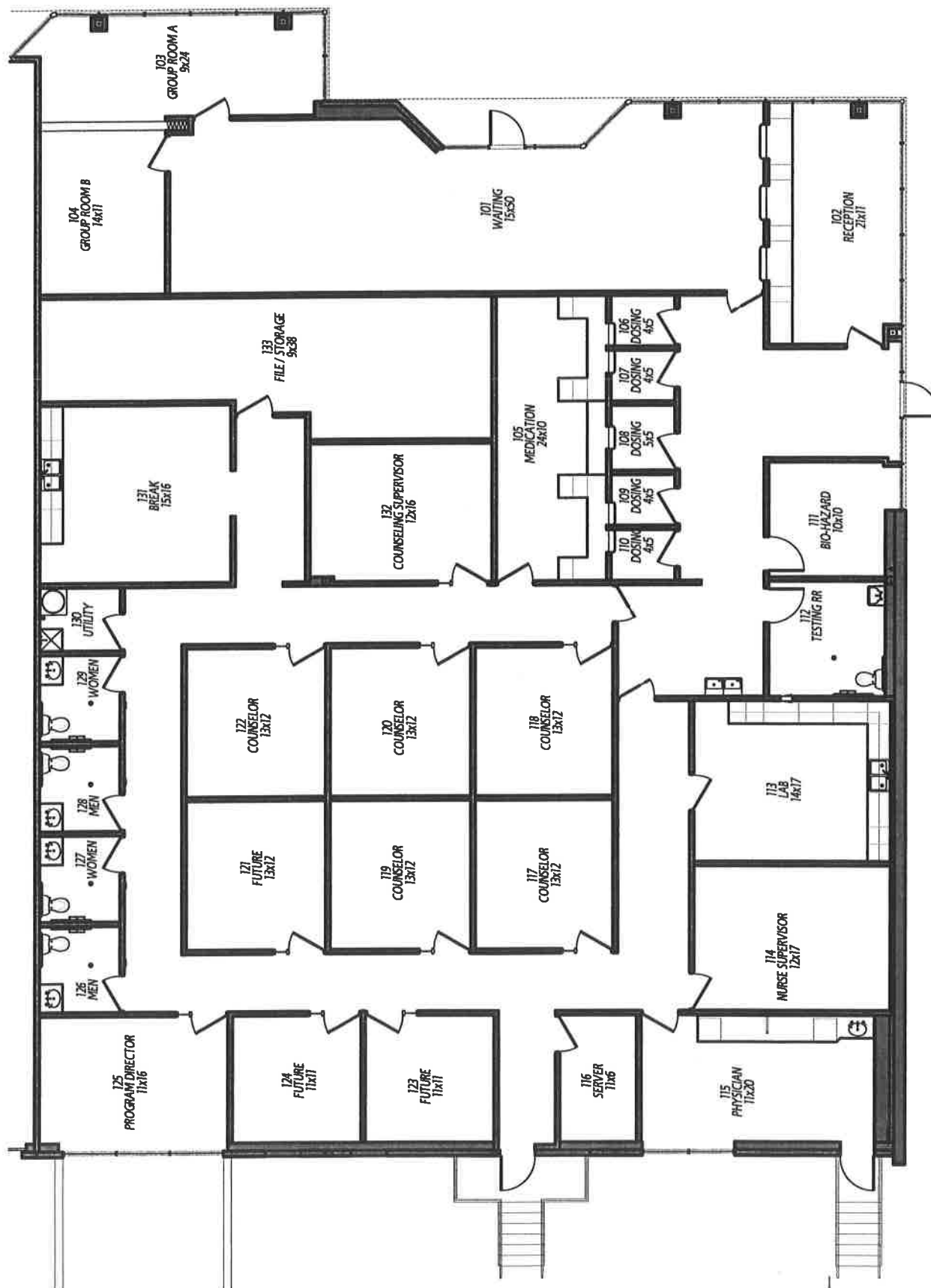
### 3. Results of the Program

A methadone maintenance treatment regimen (stable dose level, active participation in individual and group counseling therapy, establishment of a stable home life and gainful employment) enables a patient to eliminate the use of illicit and harmful opioid drugs--i.e, to be free of drugs *other* than methadone, which is a long-acting replacement medication. It is those *other* drugs that cause harm to the patient and to the patient's community--not methadone that is well-managed by a licensed treatment program.

The word "maintenance" signifies that medication replacement therapy is most often a long-term treatment regimen. Recovery is a lifelong commitment, and the opioid treatment program is a lifelong resource, if needed. Some patients committed to remaining "drug-free" of *other* drugs attend the program indefinitely; others re-enter treatment upon experiencing relapse, post-discharge. A partial analogy is Alcoholics Anonymous (AA) for alcoholism: a person addicted to alcohol never cures alcoholism but is able to avoid alcohol by faithful participation in the AA program. The percentage of ADC's patients who are "opiate positive" drops dramatically as continuous time in maintenance treatment increases.

A February 2002 IDU/HIV monograph entitled "Methadone Maintenance Treatment", funded by the U.S. Center for Disease Control, stated that "most" program enrollees who discontinue methadone maintenance relapse to use of other drugs, and that individuals "may need multiple episodes of treatment over time". That short monograph includes related facts of interest in support of methadone maintenance. It is in the "Miscellaneous" attachment at the end of this application. The monograph's estimate is consistent with others published over many years.

Certainly, many patients leave the treatment program without the need for replacement methadone therapy and remain free of illicit substance use, but it is difficult to track these patients' long-term success or track record. There is no national database on an individual's participation, anymore than AA maintains a national database.



## ADC RECOVERY AND COUNSELING CENTER



Hope • Respect • Caring

Behavioral Health Group • 4539 Winchester Road • Memphis Tennessee

**APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART....**

Not applicable.

**PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.**

The space to be leased is in good condition. Only light renovation and modernization will be required. The estimated \$497,420 renovation cost is only \$70 PSF, to create 7,106 SF of clinic space.

**IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.**

Not applicable.

**B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.**

Not applicable.

**B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):**

1. ADULT PSYCHIATRIC SERVICES
2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
3. BIRTHING CENTER
4. BURN UNITS
5. CARDIAC CATHETERIZATION SERVICES
6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
7. EXTRACORPOREAL LITHOTRIPSY
8. HOME HEALTH SERVICES
9. HOSPICE SERVICES
10. RESIDENTIAL HOSPICE
11. ICF/MR SERVICES
12. LONG TERM CARE SERVICES
13. MAGNETIC RESONANCE IMAGING (MRI)
14. MENTAL HEALTH RESIDENTIAL TREATMENT
15. NEONATAL INTENSIVE CARE UNIT
16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS
17. OPEN HEART SURGERY
18. POSITIVE EMISSION TOMOGRAPHY
19. RADIATION THERAPY/LINEAR ACCELERATOR
20. REHABILITATION SERVICES
21. SWING BEDS

Not applicable. The application proposes only to move an existing licensed and accredited facility within the same sector of Memphis, within the same zip code. It does not propose to expand services. The applicant's organization is the only provider of these services in Memphis; there are no competitive issues.

**B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.**

The need for the proposed relocation can be simply stated. The applicant has occupied its current location for almost a decade. It is not as easy to find as it should be. The parking is inadequate; the building is aging and is not optimally maintained. The applicant's patients deserve a more accessible location with a good quality facility and ease of parking. The proposed location is appropriate to this kind of service.

**B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:**

- 1. For fixed site major medical equipment (not replacing existing equipment):**
  - a. Describe the new equipment, including:**
    - 1. Total Cost (As defined by Agency Rule);**
    - 2. Expected Useful Life;**
    - 3. List of clinical applications to be provided; and**
    - 4. Documentation of FDA approval.**
  - b. Provide current and proposed schedule of operations.**
- 2. For mobile major medical equipment:**
  - a. List all sites that will be served;**
  - b. Provide current and/or proposed schedule of operations;**
  - c. Provide the lease or contract cost;**
  - d. Provide the fair market value of the equipment; and**
  - e. List the owner for the equipment.**
- 3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.)**  
**In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.**

Not applicable; no major medical equipment is proposed.

**B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:**

- 1. SIZE OF SITE (IN ACRES);**
- 2. LOCATION OF STRUCTURE ON THE SITE;**
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND**
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.**

**PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.**

See Attachment B.III.A.

**B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.**

The project is located at 4539 Winchester Road, Building B, Suite 1, Memphis, Tennessee 38118. The site is in the Commercial Park Service Center, an established office park. It is approximately 2.1 miles driving distance from its current location near Delta Medical Center. Table One below shows drive times and distances between this clinic and the other two clinics of this type in Memphis (all three are operated by BHG). The new site will have municipal bus service within several blocks' walking distance. The site is less than 4 miles and ten minutes' drive of the Memphis interstate network via I-240. Existing and future patients can easily find the site.

<b>Table One: Distances and Drive Times Between BHG Memphis Facilities At Proposed Locations</b>			
	Raleigh Professional Associates (RPA) 2165 Spicer Cove	Memphis Center for Rehab'n & Treatment 1734 Madison Ave	ADC Recovery and Counseling Center 4539 Winchester Rd
Raleigh Professional Associates (RPA) 2165 Spicer Cove	--	13.6 miles / 19 min.	12.4 mi. / 18 min.
Memphis Center for Rehab'n & Treatment 1734 Madison Ave	13.6 miles / 19 min.	--	8.7 miles / 20 min.
ADC Recovery and Counseling Center 4539 Winchester Rd	12.4 mi. / 18 min	8.7 miles / 20 min.	--

*Source: Google Maps, 5-1-13*

**B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.**

See attachment B.IV.

**IV. FOR A HOME CARE ORGANIZATION, IDENTIFY....**

Not applicable. The application is not for a home care organization.

**C(I) NEED**

**C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.**

**A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.**

**B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).**

**General Criteria for Change of Site**

**(4) Applications for Change of Site.** When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, the Agency may consider, in addition to the foregoing factors, the following factors:

**(a) *Need.*** The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed site.

There is a practical need to move the facility. The current location has insufficient parking, a building that is not optimally maintained, and a clinic space that cannot increase if the program's enrollment ever increases.

The proposed new site is approximately 2.1 miles from the current site, within the same South Memphis community and zip code (38104), and is accessible from the same I-240 exit that currently is used by many ADC patients. Existing and new patients can locate and use the proposed new site just as easily as they can access the current site.

**(b) *Economic Factors.*** The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

The proposed relocation has no impact on the cost of care for patients enrolled in this program.



**(c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.**

The applicant can complete renovation and preparation of the proposed location, while operating the program at its current location. The program will be relocated over a weekend. There will not be disruptive delays in any type of service, either counseling, dosing or testing.

**Project-Specific Review Criteria: Non-Residential Methadone Treatment Facilities**

*Note: These Guidelines requiring the applicant's response are very old Guidelines that pre-date the TDH Commissioner's 2002 Report to the General Assembly on methadone programs. That Report drew on all available expert literature and concerned State agencies and healthcare professionals, and concluded that these Guidelines were obsolete and in need of updating.*

*Since that time, the Tennessee Department of Mental Health and Substance Abuse Services has assumed responsibility for licensing and strict oversight of methadone programs in Tennessee, through its Methadone Authority office. The General Assembly has recently passed updated legislation addressing these programs, and the Department has recently promulgated detailed, updated rules and regulations that tightly control the quality of the programs. The applicant is owned by a company that is Tennessee's largest provider of OTP services through nine clinics across the State. All are accredited and all comply with Tennessee's high licensing standards.*

**A non-residential narcotic treatment facility should provide adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the opioid treatment program with the goal of the individual becoming free of opioid dependency.**

Complies. The project follows strict rules of the Department of Mental Health and Substance Abuse Services in all the above categories of its operation. As required by State rules, the clinic is medically supervised by a Board-certified physician Medical Director who has prolonged experience and expertise in opioid dependency. The program provides continuous and intensive counseling, support services, and mental

health assessments aimed at helping the patient become free of opioid dependency as soon as possible, and to manage life successfully on methadone maintenance, until that time. This includes educational services delivered through the counseling staff and referral to vocational services. The accreditation team found that this program provides good service to its patients.

### **Need**

**The need for non-residential narcotic treatment facilities should be based on information prepared by the applicant for CON, which acknowledges the importance of considering demand for services along with need, and addressing and analyzing service problems as well.**

Complies. This is an existing program depended on by approximately 250 patients per day. It needs to relocate in order to provide an improved physical environment for its patients.

**The assessment should cover the proposed service area and include the utilization of existing service providers, scope of services provided, patient origin, and patient mix.**

Not applicable. This is a change of site application that does not involve the initiation of a reviewable program or any significant change in the existing program or its enrollment. However, the applicant has provided its historic and projected utilization and data in another section of the application.

**The assessment should consider that the users of opiate drugs are the clients at non-residential narcotic treatment facilities, and because of the illegal nature of opiate drug use, data will be based on estimates, actual counts, arrests for drug use, and hospital admittance for drug use.**

Not applicable because an area needs assessment is not required for a CON to change sites. In addition, narcotic arrest data is not sufficiently opioid-specific to be of use in an assessment. Data on hospital admissions for drug use not available to an applicant who is not a hospital participating in the THA database project. However, such programs are not designed for long-term outpatient behavioral modification and support through counseling as well as through substitution medication.

**The assessment should also include:**

- 1. A description of the geographic area to be served by the program;**
- 2. Population of the area to be served;**
- 3. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs and an explanation of the basis of the estimate;**
- 4. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs presently under treatment in methadone and other treatment programs;**
- 5. Projected rate of intake and factors controlling intake;**
- 6. Compare estimated need to existing capacity.**

Not applicable. There is no needs assessment required for a relocation of an existing provider. However, the applicant has provided service area and population data in other parts of this application.

**Also, consideration should be given to the reality that existing facilities can expand or reduce their capacity to maintain or treat patients without large changes in overhead.**

Not applicable to a change in site application for an OTP facility. It should also be noted that a CON review cannot identify or verify the ability of alternative OTP providers to provide such expansions without large changes in overhead.

### **Service Area**

**The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.**

Complies. The applicant's proposed service area was defined by recent historical utilization of the applicant's own program.

**The relationship of the socio-demographics of the service area and the projected population to receive services should be considered. The proposal's sensitivity to and the responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups.**

Complies. Opioid dependency occurs in every adult age group and socio-economic level of our population. There is no particular age group between 20 and 64 that merits special consideration. Older persons rarely enter this program because their opioid dependencies usually have caused their deaths before age 65; dependent persons

typically have 30-40% shorter life expectancies than their peers. For example, in this Memphis program, only approximately 2.4% of patients are 60 years of age or older.

The Memphis BHG programs are open to all of the above-named “special needs” groups. Gender, race, ethnicity, and income are not considered in admission decisions. In a study of the increasing national abuse of pain relief medications from 1994 through 2008, the U.S. Substance Abuse and Mental Health Services Administration stated that *"Increases in percentages of admissions [to hospital ER's] reporting pain reliever abuse cut across age, gender, race/ethnicity, education, employment, and region."* (TEDS Report, July 15, 2010). Admission to this clinic's program is based solely on clinical criteria and the prospective patient's commitment to comply with the requirements of the treatment program (drug testing, counseling, daily purchase and ingestion of prescribed medication, absence of prohibited substances in the blood, consent to coordinate care, etc.).

It should be noted that to be eligible to enter opioid treatment programs, all persons must be found to be opioid-dependent for more than a year. This means that the vast majority of opioid-dependent persons have been actively purchasing illicit drugs (that are four to six times more expensive) on the street. Switching to structured replacement therapy with methadone or buprenorphine reduces their expenses (unless the commute to the clinic imposes such steep transportation expenses that then offset those savings). Thus, having a private-pay program is not a barrier to care; and it is the norm in Tennessee programs. Users tend to have sufficient incomes to afford this program. That seems to be why Tennessee State Government declines to help TennCare-eligible adults over 20 years of age pay for methadone maintenance in a State-approved program, although it licenses and strictly regulates those programs.

#### **Relationship to Existing Applicable Plans**

**The proposal's estimate of the number of patients to be treated, anticipated revenue from the proposed project, and the program funding source with description of the organizational structure of the program delineating the person(s) responsible for the program, should be considered.**

Complies. The projection is consistent with current and historical utilization trends of the facility that seeks to relocate. All facility revenue is private pay. The project funding will come from the applicant LLC. The structure of the program is detailed in the Program Summary.

The persons responsible on a daily basis for the program's operation will be the Program Director. BHG's Regional Director and a Director of Quality Compliance and Assurance will continually monitor the facility and Director and assist as needed.

**The proposal's relationship to policy as formulated in local and national plans, including need methodologies, should be considered.**

Complies. The applicant does not know of a formal "need methodology" either locally or nationally. In Tennessee, however, the 2002 Commissioner's Report has been the de facto State policy guide regarding the need for OTP's, and it calls for Statewide distribution of licensed OTP's at convenient locations within an hour's drive time of patients. Federal agencies consistently endorse regulated opioid treatment programs as the most effective means of dealing with the major national problem with opioid dependency.

This project simply allows an existing, accredited, licensed program to continue in operation at a different, but nearby, location.

**The proposal's relationship to underserved geographic areas and underserved population groups, as identified in local plans and other documents, should be a significant consideration.**

Not applicable. The change of site is not subject to review as to need.

**The impact of the proposal on similar services supported by State appropriations should be assessed and considered.**

Complies. There are no similar facilities in the Memphis area that are supported by State appropriation. No Tennessee OTP programs will be adversely impacted by this proposed change of site of an existing OTP facility.

The applicant has no means of identifying project impact on the treatment of opioid dependents who are admitted to residential programs in hospitals or other facilities who might be covered by TennCare or Medicare. However, these inpatient programs are much more expensive than licensed nonresidential OTP's operated by this applicant.

**The degree of projected financial participation in the Medicare and TennCare programs should be considered.**

The applicant will not contract with Medicare or TennCare because so few patients aged 65+, and so few eligible TennCare enrollees 18-20 years of age (18 is the minimum age for the clinic and 20 is the maximum age for TennCare) seek enrollment for treatment. However, both groups will be served on a private pay basis and TennCare patients aged 18-20 are eligible to claim reimbursement from their MCO's. See Section A.13 for a more complete discussion.

# **The Framework for Tennessee's Comprehensive State Health Plan**

## **Five Principles for Achieving Better Health**

**The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.**

### **1. Healthy Lives**

***The purpose of the State Health Plan is to improve the health of Tennesseans.***

**Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.**

The programs improve the health of patients who are opioid-dependent. Without such a program, their bodies would deteriorate steadily and their lives would be shortened significantly. The programs enable compliant patients to resume normal and productive lives in their communities.

### **2. Access to Care**

***Every citizen should have reasonable access to health care.***

**Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.**

The applicant is proposing to change locations to give its patients a better building in which to receive care, and to improve its accessibility. This patient population comes to this facility many times a month (usually daily) and needs efficient access to services.

### **3. Economic Efficiencies**

***The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.***

The proposed change of location will allow the applicant to offer its program in an improved physical setting, with better parking and a more professional appearance.

#### **4. Quality of Care**

***Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.***

This program is carefully regulated by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS). The Department's operational regulations for this type of clinic are 44 pages in length. They are designed to ensure high staff competencies and to ensure that all staff follow best practices. The applicant's parent organization, BHG, also requires continuous staff training in all aspects of this type of patient care.

#### **5. Health Care Workforce**

***The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.***

This facility is not involved with local health professional training programs on-site; but the facility's staff members are required by BHG to continuously educate and train themselves in best practices in this type of care.

#### **C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.**

The applicant is not a hospital that prepares long-range development plans.



**C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).**

The applicant's total service area consists of several counties around Memphis, located in Tennessee, Mississippi, and Arkansas. Approximately 49% of the applicant's patients reside in Tennessee. Shelby County is this facility's primary service area, because Shelby County residents comprise approximately 93% of the clinic's Tennessee patients, and approximately 46% of its total patients. Approximately 47% of the clinic's total patients reside in Mississippi, where the majority of them (64% of Mississippi patients) reside in DeSoto County.

Table Two, following this page, provides patient origin data by county. A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Two: ADC Recovery and Counseling Center Patient Origin 2013					
County	Patients	Percent of TN Total	Cumulative Percent of TN Total	Percent of Grand Total	Cumulative Percent of Grand Total
<b>Shelby</b>	<b>114</b>	<b>92.7%</b>	<b>92.7%</b>	<b>45.6%</b>	<b>45.6%</b>
6 Other TN Counties	9	7.3%	100.0%	3.6%	49.2%
<i>Subtotal, 7 TN Counties</i>	<i>123</i>	<i>100.0%</i>		<i>49.2%</i>	
Mississippi (7 counties)	118			47.2%	96.4%
Arkansas (2 counties)	9			3.6%	100.0%
<i>Subtotal, Non-TN Residents</i>	<i>127</i>			<i>50.8%</i>	
<i>Grand Total</i>	<i>250</i>			<i>100.0%</i>	

Source: BHG Management

**C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.**

This facility primarily serves the adult population, 18+ years of age. Shelby County is its primary service area. See Table Three on the following page for demographic trends in the Shelby County population, compared to the statewide population.

The table shows that in Shelby County and the State of Tennessee, the population ages 18+ will increase 3.0% and 3.4%, respectively, between 2013 and 2017. This adult age cohort now constitutes approximately 73.2% of the total population of Shelby County, and its percentage will increase slightly to 73.3% between now and 2017. Tennessee residents aged 18+ now comprise 77.3% of the statewide population, and this will remain constant through 2017.

Shelby County has higher poverty rates than the State--20.1% compared to 16.9%. A larger percent of the Shelby County 18+ population is in TennCare--9.5% compared to 8.1% Statewide.

<b>Table Three: Demographic Characteristics of Primary Service Area Of ADC Recovery and Counseling Center 2013-2017</b>			
<b>Demographic</b>	<b>Shelby County</b>	<b>PRIMARY SERVICE AREA</b>	<b>STATE OF TENNESSEE</b>
<b>Median Age-2010 US Census</b>	34.6	34.6	37.8
<b>Total Population- 2013</b>	956,126	956,126	6,361,070
<b>Total Population-2017</b>	983,298	983,298	6,575,165
<b>Total Population-% Change 2013 to 2017</b>	2.8%	2.8%	3.4%
<b>Age 18+ Population-2013</b>	699,416	699,416	4,915,393
<b>% of Total Population</b>	73.2%	73.2%	77.3%
<b>Age 18+ Population-2017</b>	720,498	720,498	5,083,466
<b>% of Total Population</b>	73.3%	73.3%	77.3%
<b>Age 18+ Population-% Change 2013- 2017</b>	3.0%	3.0%	3.4%
<b>Median Household Income</b>	\$46,102	\$46,102	\$43,989
<b>TennCare Enrollees &gt;18 (12/12)</b>	91,096	91,096	514,384
<b>Percent of 2013 Population &gt;18, Enrolled in TennCare</b>	9.5%	9.5%	8.1%
<b>Persons 18+ Below Poverty Level (2012)</b>	140,583	140,583	830,701
<b>Persons Below Poverty Level As % of Population</b>	20.1%	20.1%	16.9%

Sources: TDH Population Projections, Feb. 2008; U.S. Census QuickFacts and FactFinder2;  
TennCare Bureau. PSA data is unweighted average or total of county data.  
NR means not reported in U.S. Census source document.

**C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.**

Opioid addiction is found in all ages and socioeconomic and ethnic groups. The services of this facility are, and will continue to be, provided to all members of the above groups who qualify medically and who accept the disciplines of the program.

Financial accessibility is broadly assured, and better than other alternatives, because the monthly costs of obtaining substitution medications in a structured program like this are significantly lower than the same patients had been paying in cash for access to illicitly sold pharmaceuticals “on the street”.

**C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.**

The applicant's program has been serving Memphis area patients for a decade. Its primary Tennessee service area is Shelby County. There are three OTP clinics in Shelby County, serving a number of counties in West Tennessee and adjoining counties in Mississippi and Arkansas. All three are BHG-owned clinics: Memphis Center for Research and Addiction Treatment (MCRAT), ADC Recovery and Counseling Center (ADC), and Raleigh Professional Associates (RPA). These three are geographically distributed over the Memphis area in a triangular configuration, with MCRAT being downtown, ADC located to the southeast, and RPA located to the northeast.

<b>Table Four: Distances and Drive Times (Same as Table One) Between BHG Memphis Facilities at Proposed Locations</b>			
	Raleigh Professional Associates 2165 Spicer Cove	Memphis Center for Rehab'n & Treatment 1734 Madison Ave	ADC Recovery and Counseling Center 4539 Winchester Rd
Raleigh Professional Associates 2165 Spicer Cove	--	13.6 miles / 19 min.	12.4 mi. / 18 min.
Memphis Center for Rehab'n & Treatment 1734 Madison Ave	13.6 miles / 19 min.	--	8.7 miles / 20 min.
ADC Recovery and Counseling Center 4539 Winchester Rd	12.4 mi. / 18 min	8.7 miles / 20 min.	--

*Source: Google Maps, 5-1-13*

There are no other State-licensed OTP programs in West Tennessee closer than Dyer and Madison Counties, approximately 75 and 78 miles, respectively, north and east of Memphis.

<b>Table Five: Utilization of OTP Providers in Primary Service Area 2010-2012</b>			
<b>Utilization/Facility</b>	<b>Center for Research and Addiction Treatment</b>	<b>ADC Recovery and Counseling</b>	<b>Raleigh Professional Associates</b>
2010 Patients (Avg D. Census)	395	253	234
2011 Patients (Avg D. Census)	348	231	249
2012 Patients (Avg D.Census)	353	249	272
2010 Visits/Encounters	144,218	92,480	85,487
2011 Visits/Encounters	127,229	84,404	90,968
2012 Visits/Encounters	128,963	91,337	97,149

*Source: BHG Records*

#### Programs in Adjoining States

The applicant believes that the closest such licensed facilities of this type in these two states are in Jackson, Mississippi, 211 miles south of Memphis; in Little Rock, Arkansas, 140 miles west of Memphis; and in Paducah, Kentucky, 200 miles north of Memphis.

**C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.**

The applicant's historic and projected utilization are provided in Tables Six-A and Six-B below. The applicant has projected 2013 by annualizing the first four months of CY2013.

<b>Table Six-A: ADC Recovery and Counseling Center Historical Utilization CY2010-CY2012</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>
Average Daily Census for the Year	253	231	249
Encounters (Doses) During the Year	92,480	84,404	91,337

<b>Table Six-B: ADC Recovery and Counseling Center Projected Utilization CY2013-CY2015</b>			
	<b>Annualized 2013</b>	<b>Yr 1- CY2014</b>	<b>Yr 2- CY2015</b>
Average Daily Census for the Year	242	250	250
Encounters (Doses) During the Year	87,120	91,332	91,332



**C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.**

- **ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.**

- **THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.**

- **THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.**

- **FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1. On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by BHG management.

Line A.2, legal, administrative, and consultant fees, include a contingency for expenses of dealing with potential opposition in hearings, as well as for legal costs of leasing the project site.

Line A.5, construction cost, was estimated by BHG development staff, based on preliminary drawings, inspection of the building site, and current experience with similar projects.

Line A.6, contingency, was estimated at 5% of construction costs in line A.5.

Lines A.8 provides for a small amount of new equipment and furnishings for the expanded space.

Line A.9 includes such costs as information systems and telecommunications installations.

Line B1 is the fair market value of the leased space, the higher of the two calculations required by HSDA staff. Please see the spreadsheet calculations attached after the Project Cost Chart.

## PROJECT COSTS CHART -- ADC RECOVERY &amp; COUNSELING CENTER

## A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	8% of A5	\$	39,794
2. Legal, Administrative, Consultant Fees (Excl CON Filing)			60,000
3. Acquisition of Site			0
4. Preparation of Site			0
5. Construction Cost	7,106 SF @ \$70 PSF		497,420
6. Contingency Fund	5%		24,871
7. Fixed Equipment (Not included in Construction Contract)			0
8. Moveable Equipment (List all equipment over \$50,000)			30,000
9. Other (Specify)	IT, telecommunications		15,000

## B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	lease cost	291,083
2. Building only		0
3. Land only		0
4. Equipment (Specify)		0
5. Other (Specify)		0

## C. Financing Costs and Fees:

1. Interim Financing	0
2. Underwriting Costs	0
3. Reserve for One Year's Debt Service	0
4. Other (Specify)	0

D. Estimated Project Cost  
(A+B+C)

958,168

## E. CON Filing Fee Minimum Fee

3,000

## F. Total Estimated Project Cost (D+E)

TOTAL \$ 961,168

Actual Capital Cost	670,085
Section B FMV	291,083

ADC Lease Outlay Calculation (125 mo.; 6 mos. Free)			
Lease Year	Mo. Of Rent	Rent/Month	Outlay
1.0	6.00	\$1,750.00	\$10,500.00
2.0	12.00	\$1,895.83	\$22,749.96
3.0	12.00	\$2,041.67	\$24,500.04
4.0	12.00	\$2,187.50	\$26,250.00
5.0	12.00	\$2,333.33	\$27,999.96
6.0	12.00	\$2,479.17	\$29,750.04
7.0	12.00	\$2,625.00	\$31,500.00
8.0	12.00	\$2,770.83	\$33,249.96
9.0	12.00	\$2,916.67	\$35,000.04
10.0	12.00	\$2,916.67	\$35,000.04
11.00	5.00	\$2,916.67	\$14,583.35
		<b>Total</b>	<b>\$291,083.39</b>

Lease Yr = Mar-Feb; starts Mar 1, 2013

ADC FMV Calculation	
Leasehold SF	7,106.00
Building SF	39,200.00
% Leased	18.1%
Bldg FMV	\$980,000.00
<b>Leasehold FMV</b>	<b>\$177,650.00</b>

Rent Paid OPERATIONAL Yrs 1-2*					
Operat'l Year	Jan-Feb Rate	2 Mos. Rent	Mar-Dec Rate	10 mos. Rent	Annual Rent
Yr 1-2014	\$1,750.00	\$3,500.00	\$1,895.83	\$18,958.30	\$22,458.30
Yr 2-2015	\$1,895.83	\$3,791.66	\$2,041.67	\$20,416.70	\$24,208.36

\*Jan-Feb is at one rate & Mar-Dec is at next lease year's higher rate.

**C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.**

**a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).**

       **A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**

       **B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**

       **C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;**

       **D. Grants--Notification of Intent form for grant application or notice of grant award;**

  x   **E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or**

       **F. Other--Identify and document funding from all sources.**

Attachment C, Economic Feasibility--2, contains a financing commitment letter from senior management of BHG, the applicant's parent, and documentation that there are sufficient resources to fund the project.

**C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.**

The space to be leased is in good condition. The estimated \$497,420 renovation cost is \$70 PSF, to create 7,106 SF of clinic space.

There are no meaningful “comparables” in projects involving office space or commercial-grade renovation. Costs vary greatly depending on the condition of the office space being acquired. The CON approved in 2011 to relocate the Memphis Center for Rehabilitation and Treatment projected only \$14.29 PSF for its renovation. The approved new OTP facility in Columbia (CN0905-020), projected a renovation cost of \$35.45 PSF construction cost.

**C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).**

See the following pages for these charts, with notes where applicable.

# **HISTORICAL DATA CHART -- ADC RECOVERY & COUNSELING CENTER**

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		Year 2010	Year 2011	Year 2012
	Patients	253	231	246
A.	Utilization Data			
	Encounters	92,949	84,391	89,506
B.	Revenue from Services to Patients			
1.	Inpatient Services	\$		
2.	Outpatient Services	1,076,543	986,128	1,207,463
3.	Emergency Services			
4.	Other Operating Revenue			
	(Specify) See notes			
	<b>Gross Operating Revenue</b>	\$ 1,076,543	\$ 986,128	\$ 1,207,463
C.	Deductions for Operating Revenue			
1.	Contractual Adjustments	\$		
2.	Provision for Charity Care	15,546	16,148	18,112
3.	Provisions for Bad Debt	26,914	24,653	30,187
	<b>Total Deductions</b>	\$ 42,460	\$ 40,801	\$ 48,299
	<b>NET OPERATING REVENUE</b>	\$ 1,034,083	\$ 945,327	\$ 1,159,164
D.	Operating Expenses			
1.	Salaries and Wages	\$ 293,467	\$ 271,414	\$ 344,524
2.	Physicians Salaries and Wages	46,202	58,344	48,426
3.	Supplies	31,300	32,898	37,890
4.	Taxes	24,707	32,815	35,202
5.	Depreciation	10,864	26,909	210,618
6.	Rent	36,565	38,214	44,521
7.	Interest, other than Capital	-	-	-
8.	Management Fees			
a.	Fees to Affiliates	0	0	0
b.	Fees to Non-Affiliates	0	0	0
9.	Other Expenses (Specify) See notes	135,610	147,879	189,705
	<b>Total Operating Expenses</b>	\$ 578,715	\$ 608,473	\$ 910,886
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$	\$
	<b>NET OPERATING INCOME (LOSS)</b>	\$ 455,368	\$ 336,854	\$ 248,278
F.	Capital Expenditures			
1.	Retirement of Principal	\$	\$	\$
2.	Interest			176,858
	<b>Total Capital Expenditures</b>	\$ 0	\$ 0	\$ 176,858
	<b>NET OPERATING INCOME (LOSS)</b>			
	<b>LESS CAPITAL EXPENDITURES</b>	\$ 455,368	\$ 336,854	\$ 71,420



**Notes to D9, Other Expenses:**

Category of Expense	2010	2011	2012
<u>Insurance</u>			
Liability & Contents	6,090	6,331	7,644
Workers Compensation	1,787	1,582	3,117
Employee Health/Dental/Vision	22,377	19,099	24,863
401k	1,376	1,384	1,220
Lab Fees	25,825	22,154	28,830
Maintenance	11,732	11,151	11,404
Training & Education	-	210	-
Security	22,807	25,244	29,251
Licenses & Permits	2,108	4,066	4,134
Office Expense	11,334	15,284	13,748
Utilities	-	-	-
Telecommunications	15,355	12,282	13,804
Practice Management Software	983	4,784	6,573
Miscellaneous (1)	13,836	24,308	29,646
Corporate Overhead Allocation	-	-	15,471
	<u>135,610</u>	<u>147,879</u>	<u>189,705</u>

(1) Includes advertising, bank fees, dues & subscriptions, employee recruitment, travel, etc.

## PROJECTED DATA CHART -- ADC RECOVERY & COUNSELING CENTER

Give information for the two (2) years following the completion of this proposal.  
The fiscal year begins in January.

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		Year 2014	Year 2015
		<u>250</u>	<u>250</u>
A.	Utilization Data		
	Patients		
	Encounters	<u>91,332</u>	<u>91,332</u>
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$ <u>          </u>	\$ <u>          </u>
2.	Outpatient Services	<u>1,235,000</u>	<u>1,274,000</u>
3.	Emergency Services	<u>          </u>	<u>          </u>
4.	Other Operating Revenue (Specify) <u>                                </u>	<u>          </u>	<u>          </u>
	<b>Gross Operating Revenue</b>	\$ <u>1,235,000</u>	\$ <u>1,274,000</u>
C.	Deductions for Operating Revenue		
1.	Contractual Adjustments	\$ <u>          0</u>	\$ <u>          0</u>
2.	Provision for Charity Care	<u>18,525</u>	<u>19,110</u>
3.	Provisions for Bad Debt	<u>30,875</u>	<u>31,850</u>
	<b>Total Deductions</b>	\$ <u>49,400</u>	\$ <u>50,960</u>
	<b>NET OPERATING REVENUE</b>	\$ <u>1,185,600</u>	\$ <u>1,223,040</u>
D.	Operating Expenses		
1.	Salaries and Wages	\$ <u>356,582</u>	\$ <u>365,497</u>
2.	Physicians Salaries and Wages	<u>62,400</u>	<u>63,960</u>
3.	Supplies	<u>38,250</u>	<u>39,000</u>
4.	Taxes	<u>35,658</u>	<u>36,550</u>
5.	Depreciation	<u>15,000</u>	<u>12,000</u>
6.	Rent	<u>60,000</u>	<u>60,000</u>
7.	Interest, other than Capital	<u>          -</u>	<u>          0</u>
8.	Management Fees		
a.	Fees to Affiliates	<u>          0</u>	<u>          0</u>
b.	Fees to Non-Affiliates	<u>          0</u>	<u>          0</u>
9.	Other Expenses (Specify) <u>                                </u>	<u>202,600</u>	<u>210,260</u>
	<b>Total Operating Expenses</b>	\$ <u>770,491</u>	\$ <u>787,267</u>
E.	Other Revenue (Expenses) -- Net (Specify) <u>                                </u>	\$ <u>          </u>	\$ <u>          </u>
	<b>NET OPERATING INCOME (LOSS)</b>	\$ <u>415,109</u>	\$ <u>435,773</u>
F.	Capital Expenditures		
1.	Retirement of Principal	\$ <u>          0</u>	\$ <u>          0</u>
2.	Interest	<u>140,000</u>	<u>115,000</u>
	<b>Total Capital Expenditures</b>	\$ <u>140,000</u>	\$ <u>115,000</u>
	<b>NET OPERATING INCOME (LOSS)</b>		
	<b>LESS CAPITAL EXPENDITURES</b>	\$ <u>275,109</u>	\$ <u>320,773</u>

Notes to D9, Other Expenses:

<u>Category of Expense</u>	<u>2014</u>	<u>2015</u>
<u>Insurance</u>		
Insurance		
Liability & Contents	7,500	7,800
Workers Compensation	3,250	2,750
Employee Health/Dental/Vision	26,000	26,910
401k	1,300	1,750
Lab Fees	30,000	31,000
Maintenance	11,000	10,000
Training & Education	1,200	1,800
Security	30,000	30,750
Licenses & Permits	4,200	4,200
Office Expense	14,250	15,000
Utilities	7,200	7,800
Telecommunications	14,200	15,500
Practice Management Software	6,500	6,500
Miscellaneous (1)	30,000	32,000
Corporate Overhead Allocation	<u>16,000</u>	<u>16,500</u>
Total	202,600	210,260

(1) Includes advertising, bank fees, dues & subscriptions, employee recruitment, travel, etc.

**C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.**

<b>Table Seven: ADC Recovery &amp; Counseling Center Projected Charge Data for Years One and Two</b>		
	<b>Year One</b>	<b>Year Two</b>
Patients (Average Daily Census)	250	250
Average Gross Charge Per Patient	\$4,940	\$5,096
Average Deduction from Operating Revenue	\$198	\$204
Average Net Charge (Net Operating Revenue)	\$4,742	\$4,892

It is not possible to identify the average length of stay and average patient charge per program completion. Opioid treatment programs have varying lengths of stay and "completion" is not a concept applicable to all patients. Addiction has physical and psychological dimensions. Methadone addresses the physical addiction. In some cases it can allow brain receptors to begin operating more normally in 12 to 16 months. Its efficacy depends on how long the patient's addiction has existed, and the amounts and types of substances abused, prior to beginning treatment. If the patient's addiction has existed for years, brain receptors may be sufficiently altered such that lifetime medication maintenance is needed. Moreover, the psychological dimensions of addiction, reinforced by the patient's environment, often take a long time to deal with. Failure to progress in that area can lead to the resumption of addictive behavior. BHG encourages every patient to achieve and maintain sobriety--whether that be while maintaining maintenance with methadone, or after tapering off a daily medication maintenance regimen. While some patients do successfully taper off replacement medication, many patients find they need to be in a program indefinitely and are high functioning (drug and disease free) while remaining in treatment. BHG's analysis of its patients in 2010 indicated that 65% of them had been enrolled for more than one year, and 35% had been enrolled for a year or less. No other historical information is available. Some patients leave the program after a period of time for undisclosed reasons making it difficult to learn if a patient has moved to another similar clinic or a different type of treatment (e.g., inpatient treatment or intensive outpatient counseling).

**C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.**

With respect to the charge per dose for methadone itself, there is not a separate charge per dose. The clinic's weekly or daily charge its patients includes all medications, unlimited individual and group counseling sessions, unlimited physician visits (Medical Director), laboratory tests as needed, case management of medical issues, assistance with daily life activities, job searches, and educational opportunities. In all OTP clinics, each patient's annual charges vary with the amount of counseling and testing required by his or her individual treatment plan. Below is a comparison of BHG's current weekly charge at each of its Tennessee facilities as of today. As noted below, this typically increases at BHG facilities by \$3.00-\$4.00 annually each summer. The current detailed fee/charge schedule for the applicant is provided following this page.

	<u>Current Routine Weekly Charge*</u>
Memphis Center for Research and Addiction Treatment	\$98
ADC Recovery and Counseling Center, Memphis	\$98
Jackson Professional Associates	\$98
Paris Professional Associates	\$98
Recovery of Columbia	\$95
Middle TN Treatment Center, Nashville	\$109
DRD Medical Clinic Central, Knoxville	\$116
DRD Medical Clinic Bernard, Knoxville	\$116

*\* The standard "weekly charge" is a per-patient charge covering the routine services to each patient. It does not include individually incurred charges for such things as positive drug screens, annual physicals, replacement ID cards, or bottle services.*

BHG usually increases its weekly program fee approximately \$3.00-\$4.00 per year. This increase goes into effect each summer. Other charges listed in the schedule are non-routine charges. The relocation of this program will not impose any new costs that will impact the charge structures of the program.

**BEHAVIORAL HEALTH GROUP—MEMPHIS  
PROGRAM FEES 2012-2013**

<b>Basic Services</b>	<b>Description</b>	<b>Fee</b>	<b>Basis</b>
Admission & Induction (Option 1 - pay up front)	Admission into MMT/LTD; includes history and physical, blood work, drug screen, and related documentation	\$ 60.00	One-Time
Admission & Induction (Option 2 - pay over time)	Admission into MMT/LTD; includes history and physical, blood work, drug screen, and related documentation	\$ 72.00	One-Time
Methadone Maintenance Treatment (MMT)	Methadone maintenance treatment includes methadone, counseling, and related administration	\$ 98.00	Weekly
Annual Physical	Annual physical and blood work (begins 2nd year in treatment and is paid on anniversary date)	\$ 30.00	Annually
<b>Additional Products &amp; Services</b>	<b>Description</b>	<b>Fee</b>	<b>Basis</b>
Jail/Hospital Dosing Setup Fee	Fee to cover the cost of documentation and approvals required for on-site dosing services at jail, hospital, etc.	\$ 20.00	One-Time
Jail/Hospital Dosing Fee	Daily fee required for on-site dosing services at jail, hospital, etc.	\$ 14.00	Daily
Jail/Hospital Dosing Mileage Reimbursement Fee	Rate per mile (roundtrip) charged for on-site dosing services at jail, hospital, etc.	\$ 0.50	Per Mile
Individual Aftercare Counseling	Fee per individual counseling session - maximum session = 1 hour	\$ 50.00	Per Each
Group Individual Aftercare Counseling	Fee per group counseling session - maximum session = 1 hour	\$ 25.00	Per Each
Temporary Transfers	(see schedule below)		
Guest Dose - Setup (Non-BHG Pt.)	Annual setup for new temporary transfer patients (covers administrative costs of documentation, verification, etc.)	\$ 25.00	Per Each
Guest Dose - Daily Dosing (Non-BHG Pt.)	Daily dosing for temporary transfer patients	\$ 15.00	Daily
Guest Dose - Setup (BHG Pt.)	Annual transfer setup fee for BHG patient who will be temporarily attending a BHG sister clinic	\$ 15.00	Per Each
Guest Dose - Daily Dosing (BHG Pt.)	Daily dosing for existing BHG patient at a BHG sister clinic	Home Clinic Rate	Daily
Outgoing Temp. Transfer Setup (BHG Pt.)	Documentation/verification services for BHG patient who will temporarily attend non-BHG clinic	\$ 15.00	Per Each
Non-Routine Blood Testing - Infectious Disease	Non-routine blood work (see schedule below)		
Hepatitis B Test	Bloodwork to test for the presence of Hepatitis B	\$ 15.00	Per Each
Hepatitis C Test	Bloodwork to test for the presence of Hepatitis C	\$ 21.00	Per Each
HIV Test	Bloodwork to test for the presence of HIV Virus	\$ 11.00	Per Each
Lipid Panel	Bloodwork to test for cholesterol & triglyceride levels	\$ 9.00	Per Each
Flu Vaccination	Influenza vaccination	\$ 20.00	Per Each
Hepatitis B Vaccination	Hepatitis B vaccination series	\$ 90.00	Per Each
Special Exceptions and Record Requests	Administrative processing of record(s) requested and/or regulatory approvals for special exception requests	\$ 25.00	Per Each
Lockbox	Purchase of lockbox from the clinic	\$ 20.00	Per Each
Employment Drug Testing	Drug screen for third-party employers	\$ 20.00	Per Each
Vitadone	One-month supply of Vitadone MMT-specific multivitamins	\$ 25.00	Per Each
<b>Conditional Services &amp; Fees</b>	<b>Description/ Precipitating Event</b>	<b>Fee</b>	<b>Basis</b>
Appointment No Show Fee	Failure to keep scheduled appointment (with M.D., N.P., or fair hearing/ treatment team)	\$ 20.00	Per Each

Readmit Fee	Readmission documentation, drug screen, physician screening, and related documentation (< 90 days)	\$ 15.00	Per Each
Late Dosing Fee	Dosing within one hour of regularly scheduled dosing hours (in addition to weekly fee for services)	\$ 10.00	Per Each
After Hours Dosing Fee	Dosing more than one hour after regularly scheduled dosing hours/after the clinic is closed (in addition to weekly fee)	\$ 25.00	Per Each
Non-Routine Blood Testing - Infectious Disease	Non-routine blood work (see schedule below)		
Hepatitis B Test	Bloodwork to test for the presence of Hepatitis B	\$ 15.00	Per Each
Hepatitis C Test	Bloodwork to test for the presence of Hepatitis C	\$ 21.00	Per Each
HIV Test	Bloodwork to test for the presence of HIV Virus	\$ 11.00	Per Each
Non-Routine Blood Testing - Serum Levels	Non-routine blood work (see specific tests/fees below)		
Peak Test	Used to detect serum methadone levels	\$ 18.00	Per Each
Trough Test	Used to detect serum methadone levels	\$ 18.00	Per Each
Non-Routine Drug Testing	Specific, non-routine drug tests as required by compliance or as requested by patient (see schedule below)		
Positive Drug Tests	Fee for positive (+) drug tests (Grace periods following admission = 4 weeks for opiates and 8 weeks for all other illicit substances)	\$ 10.00	Per Each
Negative Follow-up Drug Tests	Fee for all compliance required follow-up drug tests that return a negative (-) result	\$ 6.00	Per Each
No Show Drug Tests	Fee for no show drug tests (Grace periods following admission = 4 weeks for opiates and 8 weeks for all other illicit substances)	\$ 6.00	Per Each
Guest Dose Drug Screen	Fee for guest dose patients who require drug tests during their guest dosing program	\$ 20.00	Per Each
Confirmation Drug Test (GCMS)	Fee charged for patient-requested GCMS test that is (+), a screen for a specific drug that is positive (e.g., SOMA), or a GCMS used to determine blood levels (e.g., THC)	\$ 12.00	Per Each
Lab Confirmed Oral Swab	Fee charged for oral drug screen that is confirmed by the lab or on-site oral test kit	\$ 8.00	Per Each
Replacement ID Card Fee	Fee charged for temporary and replacement ID cards	\$ 5.00	Per Each
Replacement Dose	Fee charged for replacing lost medication (in addition to the daily dosing fee for each dose being replaced)	\$ 15.00	Per Each
Lost Medication Bottle/Bag Fee	Fee charged to replace lost or missing medication bottle	\$ 5.00	Per Each
Bad Check Fee	Fee charged for bounced check/insufficient funds	\$ 25.00	Per Each
Pregnancy Test Fee	Fee charged to female patients for whom a pregnancy test is requested or required	\$ 7.00	Per Each

**C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).**

As demonstrated above, the charges for the applicant are, and will remain, generally comparable to those of the other four BHG facilities in Tennessee.

The applicant has no current information available on current charges of any provider other than BHG. The DMHSAS does not release information on these clinics. The only information available from HSDA records is from the last two CON applications approved for non-BHG providers. Those were in Columbia (Maury County) and in Paris (Henry County) before it was acquired by BHG. This is very old information that does not seem to provide a meaningful comparison, but nothing else appears to be available.

<b>Table Eight: Comparative Charge Information</b>			
	<b>The Applicant Memphis</b>	<b>Recovery Center of Columbia CN0905-020</b>	<b>Paris Professional Associates CN0903-013</b>
Year	2014	2009	2009
Patients	250	330	200
Avg. Gross Charge	\$4,940	\$4,822	\$4,000
Avg. Deductions	\$198	\$145	None listed
Avg. Net Operating Revenue	\$4,742	\$4,677	\$4,000

The Medicare allowable data is not relevant because this facility does not contract with Medicare for reimbursement.



**C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.**

This clinic is operational, with a well-established patient base. The applicant's projection of its utilization is conservative, at levels currently being experienced. The proposed relocation will not adversely impact the facility's overall utilization.

**C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.**

This clinic has been operating for many years with a positive cash flow. It has been, and will remain, financially viable with a positive cash flow. Its relocation to improved space will not adversely affect its viability.

**C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.**

The applicant does not anticipate contracting for TennCare or Medicare reimbursement for services, for reasons explained in section A.13 of the application. This operating model is true for all State-licensed opioid treatment programs. Almost no Medicare-age patients apply to these programs. Few TennCare enrollees of a qualified age (ages 18-20) apply for admission.

BHG does provide charitable care in the form of scholarships. Under those arrangements, medical care is provided to the patient free of charge, or at a reduced fee, for periods up to six months. Scholarships are evaluated on a case-by-case basis and awarded to approximately 1%-2% of enrollees.

**C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.**

These are provided as Attachment C, Economic Feasibility--10.

**C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:**

**A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.**

**B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.**

If this provider's patients are to have the benefit of improved accessibility, parking, efficiency, and professional surroundings, relocation to new leased space is the only option.

The particular location was chosen after an extensive search of the nearby community. It appears to be the best available option for the relocation. The lease cost reflects market conditions. The applicant has avoided the high costs of new construction by selection of an existing building for renovation.

**C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.**

The applicant has no contractual relationships with the facilities and organizations mentioned above. The applicant does not “discharge” patients to any other type of licensed facility. The applicant is not part of any health care alliance or network.

With respect to emergency transfer agreements, an emergency transfer agreement is not a licensure or accreditation requirement for this type of clinic, because the applicant's visiting patients are not ill, injured, or at risk for any type of medical emergency, any more than they would be in a visit to a private physician office or a pharmacy.

This clinic has had only an estimated four emergency transfers to hospitals in the past ten years. All were completed without issues due to the excellent capabilities of the local emergency response network.

**C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.**

A relocation such as this is to secure an improved care environment for a particular group of ambulatory patients who must come onto the premises daily or weekly for years. That can only be a positive thing. It has no negative aspects whatsoever.

This is a type of program that is authorized by the General Assembly, and carefully regulated by the Department of Mental Health and Substance Abuse Services. The DMHSAS regulations revised in 2012 are 44 pages long (TCA Chapter 0940-5-42.1 to 42.29). The facility cares for a needy patient population for whom there is no satisfactory alternative form of care. These are patients attempting to cope with life-destroying addictions. This substitution-based program makes it possible for them to stop the physical and mental deterioration that accompanies illicit opioid use, and to resume normal activities and responsibilities in their families, workplaces, and communities. It increases public safety.

Competitive factors with other licensed providers are not an issue. This program, and the other two in the service area, are all operated by BHG.

**C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.**

Please see the following page for a chart of projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following Shelby County area annual salary information for clinical employees of the type employed in this project:

<b>Table Nine: TDOL CY2012 Survey of Average Salaries Shelby County Area</b>				
<b>Position</b>	<b>Entry Level</b>	<b>Median</b>	<b>Mean</b>	<b>Experienced</b>
Licensed Practical Nurse	\$33,100 \$15.90	\$39,350 \$18.90	\$39,660 \$19.05	\$42,940 \$20.65
Substance Abuse Counselor	\$25,350 \$12.20	\$34,190 \$16.45	\$35,370 \$17.00	\$40,390 \$16.45

Table Ten: ADC Recovery and Counseling Center Staffing Requirements Current and Proposed Locations				
Position Type (RN, etc.)	Current FTE's	Year One FTE's	Year Two FTE's	Proposed Salary Range (Hourly or Annual)
Medical Director	Contract	Contract	Contract	
Program Physician	Contract	Contract	Contract	
Program Director	1	1	1	\$50,000-\$62,600
Nurses (LPN)	3	3	3	\$33,250-\$39,000
Counselors	4.5	5	5	\$25,000-\$41,000
Administrative	1	1	1	\$20,200-\$24,800
Counseling Supervisor	1	1	1	\$34,700-\$41,300
Nurse Practitioner	0.06	0.06	0.06	\$45/hr
Medical Assistant/Phlebotomist	1	1	1	\$19,600-\$24,500
<b>Total FTE's</b>	<b>11.56</b>	<b>12.06</b>	<b>12.06</b>	Medical Director Included

Notes:

1. Program Director and Counseling Supervisor are salaried employees.
2. Nurse includes Nursing Supervisor and Medication Nurses.

**C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.**

This is an existing clinic that already meets rigorous State TDMH licensure standards; its relocation within the community will not affect its human resources or its program content. The project requires no addition of staff.

**C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.**

The applicant so verifies.

**C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).**

The applicant does not have training relationships with area health professional schools. However, BHG as a company requires all its staff to complete one to two trainings per month through "BHG University" professional courses. These are in addition to required compliance trainings.



**C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.**

The applicant so verifies.

**C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION**

**LICENSURE:** Tennessee Department of Mental Health and Substance Abuse Services

**CERTIFICATION:** The applicant is not certified for Medicare or TennCare

**ACCREDITATION:** Joint Commission

**C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.**

The applicant is currently licensed in good standing by the Department of Mental Health and Substance Abuse Services, and holds a three-year Joint Commission accreditation.

**C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.**

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

**C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.**

None.

**C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.**

None.

**C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.**

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

## **PROOF OF PUBLICATION**

Attached.

## **DEVELOPMENT SCHEDULE**

**1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.**

The Project Completion Forecast Chart is provided after this page.

**2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.**

Not applicable. The applicant anticipates completing the project within the period of validity.

## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

August 28, 2013

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	0	8-13
2. Construction documents approved by TDH	4	9-13
3. Construction contract signed	12	9-13
4. Building permit secured	13	9-13
5. Site preparation completed	na	na
6. Building construction commenced	14	9-13
7. Construction 40% complete	44	10-13
8. Construction 80% complete	74	11-13
9. Construction 100% complete	104	12-13
10. * Issuance of license	109	12-13
11. *Initiation of service	123	1-14
12. Final architectural certification of payment	153	2-14
13. Final Project Report Form (HF0055)	183	3-14

**\* For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

**Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.**

## INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart (if applicable)
A.6	Site Control
B.III.	Plot Plan
B.IV.	Floor Plan
C, Need-1.A.3	Medical Director Qualifications
C, Need--3	Service Area Maps
C, Economic Feasibility--1	Documentation of Construction Cost Estimate
C, Economic Feasibility--2	Documentation of Availability of Funding
C, Economic Feasibility--10	Financial Statements
C, Orderly Development--7(C)	Facility Inspections and Surveys
Miscellaneous Information	<ol style="list-style-type: none"> <li>1. "Methadone Maintenance Treatment" (CDC)</li> <li>2. TDMH Reports of Utilization</li> <li>3. Bureau of TennCare--Co./State Enrollments</li> <li>4. U.S. Census QuickFacts for Service Area</li> <li>5. Notifications to Public Officials</li> </ol>

**A.4--Ownership**  
**Legal Entity and Organization Chart**

STATE OF TENNESSEE  
DEPARTMENT OF MENTAL HEALTH



**LICENSE**

THE DEPARTMENT OF MENTAL HEALTH GRANTS THIS FULL  
LICENSE IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 33, CHAPTER 2, PART 4 TO:

**VCPHCS I, LLC**

(Name of Licensee)

TO OPERATE A FACILITY OR SERVICE IDENTIFIED AND LOCATED AS FOLLOWS FOR THE  
PROVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, PERSONAL SUPPORT,  
OR ALCOHOL AND DRUG ABUSE SERVICES:

**ADC Recovery and Counseling Center**

(Name of Facility or Service as Known to the Public)

**3041 Getwell Road, Suite 101 Building A, Memphis, TN 38118**

(Street Address or Location, City or Town)

THE LICENSEE HAS DEMONSTRATED COMPLIANCE WITH T.C.A. TITLE 33, CHAPTER 2, PART 4 AND  
WITH RULES OF THE DEPARTMENT OF MENTAL HEALTH

THIS LICENSE AUTHORIZES LIFE SAFETY OCCUPANCY CLASSIFICATIONS AND THE FOLLOWING  
DISTINCT CATEGORY OF FACILITY OR SERVICES TO BE PROVIDED.

Distinct Category	Accessible to mobile, non- ambulatory Individuals	Approved for persons with			Capacity	Occupancy Classification
		hearing loss	vision impairment			
Alcohol & Drug Non-Residential Opiate Treatment	N	N	N		n/a	Business

July 01, 2012  
Date License Granted

June 30, 2013  
Date License Expires

L000000011092  
License Number

  
Commissioner of Mental Health

THIS LICENSE IS NON-TRANSFERABLE AND NON-ASSIGNABLE.  
POST THIS LICENSE IN A CONSPICUOUS PLACE.

11092

**VCPHCS I LLC**  
**ADC Recovery Counseling Center**  
Memphis, TN

has been Accredited by



**The Joint Commission**

Which has surveyed this organization and found it to meet the requirements for the

**Behavioral Health Care Accreditation Program**

May 16, 2011

Accreditation is customarily valid for up to 36 months.

A handwritten signature in dark ink, appearing to read "Isabel V. Hoverman".

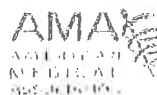
Isabel V. Hoverman, MD, MACP  
Chair, Board of Commissioners

Organization ID #: 505739  
Print/Reprint Date: 05/25/11

A handwritten signature in dark ink, appearing to read "Mark R. Chassin".

Mark R. Chassin, MD, FACP, MPP, MF  
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care & other services provided in accredited organizations. Information about accredited organizations may be provided directly The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individ organizations can be obtained through The Joint Commission's web site at [www.jointcommission.org](http://www.jointcommission.org).



This reproduction of the original accreditation certificate has been issued for use in regulatory/payer agency verification of accreditation by The Joint Commission. Please consult Quality Check on The Joint Commission's website to confirm the organization's current accreditation status and for a listing of the organization's locations of care.



# OPIOID TREATMENT PROGRAM CERTIFICATION

Substance Abuse and Mental Health Services Administration  
Center for Substance Abuse Treatment  
Rockville, MD 20850

OTP NUMBER  
TN-10030-M

EXPIRATION DATE  
March 31, 2014

VCPHCS I, LLC  
3041 Getwell R., Ste. 101 Building A  
Memphis, TN 38118

This certificate is issued under authority of 42 CFR § 8.11 (21 U.S.C. 823(g)(1))



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Substance Abuse and Mental Health Services Administration  
Center for Substance Abuse Treatment  
[www.samhsa.gov](http://www.samhsa.gov)

H. Westley Clark, M.D., J.D., M.P.H., CAS, FASAM  
Director, Center for Substance Abuse Treatment

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, BUSINESS ACTIVITY OR VALID AFTER EXPIRATION DATE

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RA0340707 ZA0340707	05-31-2013	\$244
SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,3	MAINTENANCE & DETOX	05-30-2012
VCPHCS I, LLC 3041 GETWELL ROAD BUILDING A SUITE 101 MEMPHIS, TN 38110		

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE  
UNITED STATES DEPARTMENT OF JUSTICE  
DRUG ENFORCEMENT ADMINISTRATION  
WASHINGTON, D.C. 20537

Sections 304 and 1008 (21 U.S.C. 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IS NOT VALID AFTER THE EXPIRATION DATE.

Form DEA-223 (05/04)

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RA0340707 ZA0340707	05-31-2013	\$244
SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,3	MAINTENANCE & DETOX	05-30-2012
VCPHCS I, LLC 3041 GETWELL ROAD BUILDING A SUITE 101 MEMPHIS, TN 38110		

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE  
UNITED STATES DEPARTMENT OF JUSTICE  
DRUG ENFORCEMENT ADMINISTRATION  
WASHINGTON, D.C. 20537

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THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, BUSINESS ACTIVITY, OR VALID AFTER THE EXPIRATION DATE.

CENTERS FOR MEDICARE & MEDICAID SERVICES  
CLINICAL LABORATORY IMPROVEMENT AMENDMENTS

CERTIFICATE OF WAIVER

LABORATORY NAME AND ADDRESS

VCPHC I, LLC  
3041 GETWELL ROAD  
BLDG A, SUITE 101  
MEMPHIS, TN 38118  
LABORATORY DIRECTOR  
GENEVA L CLARK

CLIA ID NUMBER

44D1088905

EFFECTIVE DATE

09/08/2012

EXPIRATION DATE

09/07/2014

Pursuant to Section 353 of the Public Health Services Act (42 U.S.C. 263a) as revised by the Clinical Laboratory Improvement Amendments (CLIA), the above named laboratory located at the address shown hereon (and other approved locations) may accept human specimens for the purposes of performing laboratory examinations or procedures.

This certificate shall be valid until the expiration date above, but is subject to revocation, suspension, limitation, or other sanctions for violation of the Act or the regulations promulgated thereunder.



*Judith A. Yost*

Judith A. Yost, Director  
Division of Laboratory Services  
Survey and Certification Group  
Center for Medicaid and State Operations

871 Ceris1\_081112

- If this is a Certificate of Registration, it represents only the enrollment of the laboratory in the CLIA program and does not indicate a Federal certification of compliance with other CLIA requirements. The laboratory is permitted to begin testing upon receipt of this certificate, but is not determined to be in compliance until a survey is successfully completed.
- If this is a Certificate for Provider-Performed Microscopy Procedures, it certifies the laboratory to perform only those laboratory procedures that have been specified as provider-performed microscopy procedures and, if applicable, examinations or procedures that have been approved as waived tests by the Department of Health and Human Services.
- If this is a Certificate of Waiver, it certifies the laboratory to perform only examinations or procedures that have been approved as waived tests by the Department of Health and Human Services.

FOR MORE INFORMATION ABOUT CLIA, VISIT OUR WEBSITE AT [WWW.CMS.HHS.GOV/CLIA](http://WWW.CMS.HHS.GOV/CLIA)  
OR CONTACT YOUR LOCAL STATE AGENCY. PLEASE SEE THE REVERSE FOR  
YOUR STATE AGENCY'S ADDRESS AND PHONE NUMBER.  
PLEASE CONTACT YOUR STATE AGENCY FOR ANY CHANGES TO YOUR CURRENT CERTIFICATE

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# Tennessee Secretary of State

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## Business Information Search

As of May 10, 2013 at 4:30 p.m. we have processed all corporate documents received in our office through May 10, 2013 and annual reports received in our office through May 10, 2013.

<b>Search:</b>						<b>1-1 of 1</b>	
Search Name: <input type="text" value="VCPHCS I, LLC"/>				<input checked="" type="radio"/> Starts With <input type="radio"/> Contains			
Control #: <input type="text"/>							
Active Entities Only: <input type="checkbox"/>				<input type="button" value="Search"/>			
Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status	
<a href="#">000516142</a>	LLC	VCPHCS I, LLC DELAWARE	Entity	Active	03/17/2006	Active	
						<b>1-1 of 1</b>	

Information about individual business entities can be queried, viewed and printed using this search tool for free.

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312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Floor  
Nashville, TN 37243  
615-741-2286

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## **A.6--Site Control**

# STANDARD COMMERCIAL LEASE

ADC

## ARTICLE 1.00 BASIC LEASE TERMS

**1.01 Parties.** This lease agreement ("Lease") is entered into on the 21 day of FEBRUARY, 2013 by and between the following Landlord and Tenant:

Memphis Investments, a Wisconsin Limited Liability Company ("Landlord")

VCPHCS I, LLC, a Delaware limited liability company ("Tenant")

**1.02 Leased Premises.** In consideration of the rents, terms, provisions and covenants of this Lease, Landlord hereby leases, lets and demises to Tenant the following described premises ("Leased Premises"):

✓ 7,106 SF located at:  
4539 Winchester Road, Suite 1  
Memphis, Tennessee 38118

The Leased Premises is located in Corporate Park Service Center (the "Project"), Building B, comprised of approximately 39,200 SF (the "Building").

The ratio of rentable square foot area to the usable square foot area of the Leased Premises occupied by Tenant shall be a factor determined pursuant to the Building Owners and Managers Association International ANSUBOMA Z65.1 method of measurement, Copyright 1996 (the "BOMA Method"). Additionally, Landlord and Tenant agree that for purposes of this Lease, the final agreed upon square footage of the Leased Premises will be determined based upon architecture plans as drawn by Denton Architecture, and that the square footage of the Leased Premises as set forth in this section 1.02 shall be adjusted upward or downward accordingly, and all references in this Lease to the "square footage" of the Leased Premises shall be automatically amended in accordance therewith

**1.03 Term.** Subject to and upon the conditions set forth herein, the term of this Lease shall commence on March 1, 2012 (the "Commencement Date") and shall terminate one hundred twenty five (125) months thereafter (the "Term").

**1.04 Base Rent and Security Deposit.** Base Rent is \$1,750 per month for the first Lease year and is adjusted annually throughout the Term as shown below. Notwithstanding anything herein to the contrary, "Base Rent" does not include operating expenses as defined in section 2.03 hereof ("Operating Expenses"). All Operating Expenses are paid by Tenant as additional rent, as set forth in section 2.02.

<u>Lease Term</u>	<u>Base Rent/SF</u>	<u>Base Rent/Month</u>
Months 1-5:	\$3.00	\$0/month
Months 6-12:	\$3.00	\$1,750.00/ month
Months 13-24:	\$3.25	\$1,895.83/month
Months 25-36:	\$3.50	\$2,041.67/month
Months 37-48:	\$3.75	\$2,187.50/month
Months 49-60:	\$4.00	\$2,333.33/month
Months 61-72:	\$4.25	\$2,479.17/month
Months 73-84:	\$4.50	\$2,625.00/month
Months 85-96:	\$4.75	\$2,770.83/month
Months 97-108:	\$5.00	\$2,916.67/month
Months 109-125:	\$5.00	\$2,916.67/month

The Security Deposit is \$5,856.67 and shall be held by Landlord for the Term of the Lease.

TK

**1.05 Prepaid Rent.** On the Commencement Date Tenant will pay Landlord prepaid Base Rent in the amount of \$5,856.67 ("Prepaid Rent"). In months thirty seven (37), thirty eight (38) and thirty nine of the Term of this Lease, the Prepaid Rent will be credited, in the amount of \$2,187.50 each month, against Base Rent due in such month.

**1.06 Addresses.**

**Landlord's Address:**

Sigma Property Management Company  
375 Williamstowne, Suite 201  
Delafield, WI 53018  
Attn: James M. Conley

**Tenant's Address:**

VCPHCS I, LLC  
8300 Douglas Ave., Suite 750  
Dallas, TX 75225  
Attn: Dwight Mussleman

**1.07 Permitted Use.** Outpatient addiction treatment and counseling services and related office use.

**2.01 Base Rent.** Tenant agrees to pay monthly as Base Rent during the term of this Lease the sum of money set forth in section 1.04 of this Lease, which amount shall be payable to Landlord at the address shown above. Monthly installments of Base Rent shall be due and payable on or before the first day of each calendar month succeeding the Commencement Date or Completion Date during the term of this Lease, whichever is later. **Notwithstanding the foregoing, Landlord agrees to waive the Base Rent for the first five (5) months of the primary Lease Term.**

**2.02 Operating Expenses.** In addition to the Base Rent defined in section 2.01 above, Tenant agrees to pay Tenant's Pro Rata Share (defined below) of Operating Expenses (defined below) for the Building as additional rent. Landlord will invoice Tenant monthly for Tenant's Pro Rata Share of the estimated Operating Expenses during each calendar year of the Term, which amount shall be adjusted each year based upon Landlord's reasonable estimation of the costs of such Operating Expenses to be incurred, based upon the actual Operating Expenses due in the previous Lease year. Notwithstanding the foregoing, Operating Expenses shall not exceed \$2 per square foot of the Leased Premises in the first Lease year, and thereafter, any increase in Operating Expenses due in any calendar year of the Lease Term will be subject to a cap, at a maximum increase of three percent (3%) per year. Within six (6) months following the end of each calendar Lease year, Landlord shall provide Tenant a written accounting showing in reasonable detail all computations of Operating Expenses which were actually paid by Landlord in the previous calendar year. In the event the accounting shows that the total of the monthly Operating Expense payments made by Tenant in the previous calendar Lease year exceeds the amount of Operating Expenses which were actually incurred by Landlord, the accounting shall be accompanied by a cash or check payment to Tenant refunding the total amount of such overpayment in full. In the event the accounting shows that the total of the monthly Operating Expense payments made by Tenant in the previous calendar Lease year is less than the amount of Operating Expenses which were actually incurred by Landlord, the accounting shall be accompanied by an invoice to Tenant, specifying all amounts actually incurred by Landlord and the balance which is owed by Tenant. Tenant shall pay any such deficiency to Landlord within thirty (30) days of Tenant's receipt of the invoice as additional rent. If this Lease shall terminate on a day other than the last day of a calendar year, the amount of any Operating Expenses payable by Tenant applicable to the year in which such termination shall occur shall be prorated on the ratio that the number of days from the commencement of the calendar year to and including the termination date bears to 365. Tenant shall have the right, at its own expense and within a reasonable time, to audit Landlord's books relevant to the Operating Expenses payable under this section. Tenant agrees to pay its Pro Rata Share of any Operating Expenses due under this section within thirty (30) days following Tenant's receipt of the written invoice or accounting from Landlord showing with specificity the computation of the Operating Expenses which are due. **For purposes of this Lease and upon the basis that the Leased Premises consist of approximately 7,106 square feet and the Building consists of 39,200 square feet, Tenant's "Pro Rata Share" of Operating Expenses for the Building shall be 18.13%.** Tenant's Pro Rata Share is subject to change based on the actual square footage determined by BOMA standards as provided for in section 1.02 hereinabove. This provision shall survive Lease termination.

**2.03 Definition of Operating Expenses.** The term "Operating Expenses" includes all typical, reasonable and necessary expenses actually incurred by Landlord with respect to the maintenance and operation of the Building of which the Leased Premises are a part, including, but not limited to, the following: maintenance, repair and replacement costs; security

equipment and/or personnel to the extent such security is provided to the Building; property management fees, and wages payable to employees of Landlord below the grade of manager whose duties are directly connected with the operation and maintenance of the Building; all services, utilities, supplies, repairs, replacements or other expenses for maintaining and operating the private roads and other common areas serving the Building (excluding any such expenses which are expressly excluded from the definition of Operating Expenses hereinbelow); the cost, including interest, amortized over its useful life, of any capital improvement made to the Building by Landlord after the date of this Lease which is required under any governmental law or regulation that was not applicable to the Building at the time it was constructed; the cost, including interest, amortized over its useful life, of installation of any device or other equipment which improves the operating efficiency of any system within the Leased Premises and thereby reduces Operating Expenses;; real property taxes and installments of special assessments, including dues and assessments due as provided in any deed restrictions and/or owners' associations which accrue against the Building of which the Leased Premises are a part during the term of this Lease; and insurance premiums Landlord is required to pay or deems necessary to pay, including public liability insurance, to the extent that such insurance is applicable to the Building. The term Operating Expenses does not include the following: income and franchise taxes of Landlord; expenses incurred in leasing to or procuring of tenants, leasing commissions, brokerage fees; advertising expenses; expenses for the renovating of space for new tenants; expenses incurred for other tenants in the Building; interest or principal payments on any mortgage or other indebtedness of Landlord; wages, benefits and any other compensation paid to any employee or contractor of Landlord above the grade of property manager; any depreciation allowance or expense; depreciation; expenses incurred by Landlord to prepare, renovate, repaint, redecorate or perform any other work in any space leased to an existing tenant or prospective tenant of the Building and/or Project (defined below); expenses incurred by Landlord for repairs, replacements, or other work occasioned by fire, windstorm, or other insurable casualty or condemnation to the extent covered by Landlord's insurance; expenses incurred by Landlord to lease space to new tenants or to retain existing tenants including leasing commissions, advertising and promotional expenditures; expenses incurred by Landlord to resolve disputes, enforce or negotiate lease terms with prospective or existing tenants or in connection with any financing, sale or syndication of the Building; interest, principal, points and fees, amortization or other costs associated with any debt and rent payable under any lease to which this Lease is subject and all costs and expenses associated with any such debt or lease and any ground lease rent, irrespective of whether this Lease is subject or subordinate thereto; and all costs of a capital nature, including, but not limited to capital improvements, capital repairs, capital alterations, capital replacements, capital equipment and capital tools (collectively, "Capital Expenditures"), except to the extent that such Capital Expenditures were made pursuant to a governmental law or regulation not in effect at the time of execution hereof or for the purpose of reducing Operating Expenses, as expressly described in section 2.03 hereof; all depreciation and/or amortization, except for an amortization charge with respect to a Capital Expenditure made pursuant to a governmental law or regulation not in effect at the time of execution hereof, or with respect to an Operating Expenses reduction facility or equipment, as expressly described in section 2.03 hereof; expenses related to the repair and/or replacement of any item covered under warranty or insurance of Landlord or another tenant of the Building; maintenance, repair and replacement of structural components of the Leased Premises (including but not limited to the roof, columns, and floor); cost to correct any penalty or fine incurred by Landlord due to Landlord's violation of any federal, state or local law or regulation and any interest or penalties due for late payment by Landlord of any of the Operating Expenses; costs of repair necessitated by Landlord's negligence or willful misconduct, or of correcting any latent defects or original design defects in the Building construction, materials or equipment; expenses for any item or service which Tenant pays directly to a third party or separately reimburses to Landlord and expenses incurred by Landlord to the extent the same are reimbursable or reimbursed from any other tenants, occupants of the property, or third parties; expenses for any item or service not provided to Tenant but exclusively to certain other tenants in the Building; wages, benefits and other compensation of employees or contractors of Landlord above the grade of property manager, building superintendent or building manager, and employees whose time is not spent directly and solely in the operation of the Building; Landlord's general corporate overhead and administrative expenses; expenses incurred by Landlord in order to comply with all present laws, ordinances, requirements, orders, directives, rules and regulations of federal, state, county and city governments and of all other governmental authorities having or claiming jurisdiction over the Building, including without limitation the Americans with Disabilities Act of 1990 (as amended), the Federal Occupational Safety and Health Act of 1970 (as amended) and any of said laws, rules and regulations relating to environmental, health or safety matters; reserves; fees paid to affiliates of Landlord to the extent that such fees exceed the customary amount charged for the service provided; expenses of Landlord's attorney, accountant, or other advisors; and Operating Expenses which are the responsibility of Tenant pursuant to this section 2.03.



**2.04 Real Property Taxes and Installments of Special Assessments under the PILOT Program.** In the event Tenant is approved for the PILOT Program as set forth and defined in section 16.04 hereinbelow, Tenant agrees to pay as additional rent, all real property taxes and installments of special assessments, including payments under the PILOT Program (as hereinafter defined) lawfully levied or assessed against the Leased Premises. Landlord will send Tenant an invoice for such real property taxes, assessments or payments under the PILOT Program which shall be due and payable within thirty (30) days of Tenant's receipt of a written invoice from Landlord therefor. To the extent the Commencement Date or termination date of the Lease is not on the first day of a calendar year respectively, Tenant's liability for real property taxes and payments under the PILOT Program shall be subject to a pro rata adjustment based on the number of days of any such calendar year during which the Term of the Lease is in effect. In the event Tenant is approved for the PILOT Program and so long as Tenant remains qualified under the terms of the PILOT Program, Tenant's Pro Rata Share of Operating Expenses will not include all real property taxes and installments of special assessments set forth in section 2.03; however, if Tenant should fail to qualify for the PILOT Program, Tenant will be billed for its Pro Rata Share of all real property taxes and installments as set forth in section 2.03 hereinabove in lieu of any payments under this section 2.04.

**2.05 Late Payment Charge.** Other remedies for nonpayment of Base Rent notwithstanding, if the monthly Base Rent payment is not received by Landlord on or before the tenth (10<sup>th</sup>) day of the month for which the Base Rent is due, or if any other payment due Landlord by Tenant under this Lease is not received by Landlord when such payment is due as provided herein, a late payment charge of five percent (5%) of such past due amount shall become due and payable in addition to such past due amounts owed under this Lease.

**2.06 Increase in Insurance Premiums.** If Landlord is assessed an increase in any insurance premiums paid by Landlord for the Building which is directly caused by either: (a) Tenant's use of the Leased Premises in a manner which violates this Lease, or (b) Tenant's abandonment of the Leased Premises without Landlord's consent in violation of this Lease, then Tenant shall pay as additional rent the amount of such increase. Notwithstanding the foregoing, Landlord shall notify Tenant in writing of any such assessment, and provide Tenant with adequate proof of the increase to Landlord's insurance policy(ies), and Tenant shall have a period of thirty (30) days in which to cure the cause of such increase. If Tenant fails to cure the cause of such increase within the foregoing thirty (30) day period, Tenant will pay Landlord an amount equal to such increase within thirty (30) days of Landlord's written demand therefor. .

**2.07 Security Deposit.** The Security Deposit set forth above shall be held by Landlord during the Term and any Renewal Term of the Lease as security for Tenant's performance of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damage in case of default by Tenant. Upon the occurrence of any Default by Tenant or breach by Tenant of Tenant's covenants under this Lease, Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to cure any Default by Tenant in the payment of Base Rent or additional rent, or to repair any damage or injury to the Leased Premises or Building caused by Tenant, or pay any reasonable expense or liability actually incurred by Landlord as a result of Tenant's Default or breach of covenant of this Lease, and any remaining balance of the Security Deposit shall be returned by Landlord to Tenant within thirty (30) days upon termination or expiration of this Lease except as otherwise provided herein. If any portion of the Security Deposit is so used or applied by Landlord according to this section, Tenant shall upon ten days written notice from Landlord which sets forth the Default by Tenant and the amount of the Security Deposit used by Landlord to cure such Default, deposit with Landlord by cash or cashier's check an amount sufficient to restore the Security Deposit to its original amount.

**2.08 Holding Over.** In the event that Tenant does not vacate the Leased Premises upon the expiration or termination of this Lease without Landlord's consent, Tenant shall be a tenant at will for the holdover period and all of the terms and provisions of this Lease shall be applicable during that period, except that Tenant shall pay Landlord as Base Rent for the period of such holdover an amount equal to one and one-half times the Base Rent paid by Tenant in the last month of the Lease prior to such holdover period. Tenant agrees to vacate and deliver the Leased Premises to Landlord upon Tenant's receipt of notice from Landlord to vacate. The Base Rent payable during the holdover period shall be payable to Landlord on demand. No holding over by Tenant, whether with or without the consent of Landlord, shall operate to extend the term of this Lease unless expressly agreed to by the parties in writing. In no event, however, shall Tenant be liable for

indirect, special or consequential damages of any kind whatsoever under this Lease as a result of any such holdover by a Tenant party.

### ARTICLE 3.00 OCCUPANCY AND USE

**3.01 Use.** Tenant warrants and represents to Landlord that the Leased Premises shall be used and occupied only for the purpose as set forth in section 1.07. Tenant shall occupy the Leased Premises, conduct its business and control its agents, employees, invitees and visitors in such a manner as is lawful, reputable and will not create a nuisance. Tenant shall not permit any operation in the Leased Premises which emits any odor or matter which intrudes into other portions of the Building, use any apparatus or machine in the Leased Premises which makes excessive noise which can be heard outside the Leased Premises or causes vibration in any other portion of the Building or otherwise interfere with, annoy or disturb any other tenant in its normal business operations or Landlord in its management of the Building. Tenant shall neither permit any waste on the Leased Premises nor allow the Leased Premises to be used in any way which would, in the reasonable opinion of Landlord, be extra hazardous on account of fire or which would in any way increase or render void the fire insurance on the Building. Tenant warrants to Landlord that the insurance questionnaire (filled out by Tenant, signed and presented to Landlord prior to the execution of this Lease) accurately reflects Tenant's original intended use of the Leased Premises. The insurance questionnaire is made a part of this Lease by reference as though fully copied herein. If at any time during the Term of this Lease the State Board of Insurance or other insurance authority disallows any of Landlord's sprinkler credits or imposes an additional penalty or surcharge in Landlord's insurance premiums which is directly caused by Tenant's original or subsequent placement or use of storage racks or bins, method of storage or nature of Tenant's inventory, or any other act of Tenant, Tenant agrees to pay as additional rent the increase (between fire walls) in Landlord's insurance premiums applicable to the Leased Premises. Landlord represents, to the best of its knowledge, without inquiry, that as of the Commencement Date of this Lease, Tenant's use of the Leased Premises for the purpose set forth in section 1.07 is not prohibited by applicable codes or ordinances of the municipality within which the Leased Premises are located.

**3.02 Signs.** No sign of any type or description shall be erected, placed or painted in or about the Leased Premises or Project except those signs submitted to Landlord in writing and approved by Landlord in writing (which approval shall not be unreasonably withheld, conditioned or delayed), and which signs are at Tenant's sole expense and are in conformance with Landlord's sign criteria established for the Project. However, if requested by Landlord, Tenant agrees to install an identification sign on the fascia panel of the Leased Premises within ninety (90) days of completion of the Leased Premises.

**3.03 Compliance with Laws, Rules and Regulations.** Tenant, at Tenant's sole cost and expense, shall comply with all laws, ordinances, orders, rules and regulations of state, federal, municipal or other agencies or bodies having jurisdiction over use, condition and occupancy of the Leased Premises applicable to the Leased Premises and not to the Building as a whole. Tenant will comply with the rules and regulations of the Building adopted by Landlord which are set forth on a schedule attached to this Lease. Landlord shall have the right at all times to change and amend the rules and regulations in any reasonable manner as may be deemed advisable for the safety, care, cleanliness, preservation of good order and operation or use of the Building or the Leased Premises provided such changes or amendments by Landlord are reasonable, applied uniformly to all occupants of the Building and are non-discriminatory. All changes and amendments to the rules and regulations of the Building will be sent by Landlord to Tenant in writing and shall thereafter be carried out and observed by Tenant.

**3.04 Warranty of Possession.** Landlord warrants that it has the right and authority to execute this Lease, and Tenant, upon payment of the required Base Rent and additional rent, and subject to the terms, conditions, covenants and agreements contained in this Lease, shall have possession of the Leased Premises during the full Term of this Lease as well as during any extension or renewal thereof. Landlord shall not be responsible for the acts or omissions of any other tenant or third party that may interfere with Tenant's use and enjoyment of the Leased Premises, unless such Tenant or third party is acting on behalf of Landlord, and/or an owner, member, partner, officer, employee, representative, contractor or agent of Landlord (collectively, "Landlord Parties").

**3.05 Inspection.** Landlord or its authorized Landlord Parties shall at any and all reasonable times upon not less than forty eight (48) hours' prior written notice to Tenant (except in the case of emergency), have reasonable access to the Leased Premises to inspect the same, to supply janitorial service or any other service to be provided by Landlord, to show the Leased Premises to prospective purchasers, and to alter, improve or repair the Leased Premises or any other portion of the Building, and during the final six months of the Term hereof, to show the Leased Premises to prospective tenants. Tenant shall not change Landlord's lock system or in any other manner prohibit Landlord from entering the Leased Premises in conformity with this section. Landlord shall have the right to use any and all means which Landlord may deem proper to open any door in an emergency. Any entry into the Leased Premises by Landlord shall be done with all due care exercised by Landlord and with minimum interference with Tenant's business operations therein. Tenant shall be permitted to have a representative of Tenant present at all times during any access to the Leased Premises by Landlord and/or its authorized agent. Landlord acknowledges that Tenant intends the Leased Premises to be used as a medical clinic serving various patients and that the Leased Premises shall contain Medical Records (hereinafter defined) owned by such patients, and that such Medical Records must remain confidential. Accordingly, in no event shall Landlord obtain any ownership interest or block access to any Medical Records and if Landlord and/or Landlord Parties enter the Leased Premises for any reason, Landlord and/or Landlord's Affiliates shall not review, disclose, sue, distribute, or destroy any of the Medical Records. As used herein, the term "Medical Records" shall mean and include, without limitation, patient files and materials owned by such patients, and/or any other confidential information or information protected by the Health Insurance Portability and Accounting Act (HIPPA) or similar federal/state law, whether stored electronically or on paper, which Medical Records shall at all times remain the property of the Tenant or the respective patient(s) of the Tenant, as the case may be.

**3.06 Parking and Road Use.** Tenant is granted the license and right to use, for the benefit of Tenant, its employees, customers, patients, invitees and licensees, the parking areas adjacent to the Building of which the Leased Premises are a part on a non-exclusive basis subject to reasonable regulation by Landlord. In addition to the foregoing, Tenant shall have exclusive use of ten (10) parking spaces in front of the Leased Premises, and Tenant's patients shall have non-exclusive use of any and all parking areas in the Project. All parking on any common drive areas by Tenant or any of Tenant's employees, customers, invitees or licensees shall be upon the express condition that all such drives must be kept clear for through traffic of all vehicles, including tractor-trailers. No driving or parking of any vehicles on nonpaved areas adjoining the Building or within the Project of which the Building is a part is permitted.

**3.07** Tenant shall have access to and use of the Building, Leased Premises and common areas of the Project, including parking facilities, twenty-four (24) hours per day and three hundred sixty-five (365) days per year.

#### **ARTICLE 4.00 UTILITIES AND SERVICE**

**4.01 Building Services.** Landlord shall deliver the Leased Premises with all required utilities to the Leased Premises separately metered and ready for activation in Tenant's name. Tenant shall pay the cost of all utility services attributable to Tenant's use of the Leased Premises, including, but not limited to; initial connection charges, all charges for gas, electricity, water, sanitary and storm sewer service, and for all electric lights. However, in a multi-occupancy Building, Landlord may provide water to the Leased Premises, in which case Tenant agrees to pay to Landlord its Pro Rata Share of the cost of such water. Tenant shall pay all costs caused by Tenant introducing excessive pollutants or solids other than ordinary human waste into the sanitary sewer system, including permits, fees and charges levied by any governmental subdivision for any such pollutants or solids. Tenant shall be responsible for the installation and maintenance of any dilution tanks, holding tanks, settling tanks, sewer sampling devices, sand traps, grease traps or similar devices as may be required by any governmental subdivision of the sanitary sewer system if required due to Tenant's use of the Leased Premises. If the Leased Premises are in a multi-occupancy Building, Tenant shall pay all surcharges levied due to Tenant's use of sanitary sewer or waste removal services in the Leased Premises. Landlord shall not be required to pay for any utility services, supplies or upkeep in connection with the Leased Premises or Building except as otherwise provided in this Lease or agreed to by the parties in writing.

**4.02 Theft or Burglary.** Landlord shall not be liable to Tenant for losses to Tenant's property or personal injury caused by criminal acts or entry by unauthorized persons into the Leased Premises or the Building, unless Landlord and/or Landlord Parties commit such criminal acts or unauthorized entry, or otherwise if caused by Landlord and/or

Landlord's Agent's negligence or breach of this Lease.

## ARTICLE 5.00 REPAIRS AND MAINTENANCE

**5.01 Landlord Repairs.** Landlord shall not be required to make any improvements, replacements or repairs of any kind or character to the Leased Premises, Building or the Project during the Term of this Lease except as are set forth in this Lease. Landlord, at its sole cost, shall maintain in good order, repair and condition, repair, and replace (as necessary): all structural components of the Leased Premises and Building, including but not limited to the roof, columns, floor, foundation, and exterior walls (excluding windows, window glass, plate glass and doors); and down spouts; lawn maintenance for the common areas servicing the Building; fire sprinkler systems installed in the Building; painting of the Building; and the parking areas and common areas of the Project. Landlord's costs of maintaining the items set forth in this section are subject to the provisions of section 2.03. **Notwithstanding anything herein to the contrary, provided Tenant has fulfilled its obligations regarding the maintenance, service and necessary repair of the heating ventilation and air-conditioning equipment and distribution servicing the Leased Premises, as provided in this Lease, then any required replacement of the heating ventilation and air-conditioning equipment units during the term of this Lease shall be paid for by Landlord and shall not be considered in calculating Operating Expenses.** In connection with any repairs or other work performed by Landlord in the Leased Premises, such work shall be diligently performed and shall not unreasonably restrict access to the Leased Premises. In connection with its repairs Landlord shall make commercially reasonable efforts not to unreasonably interfere with Tenant's business in the Leased Premises. All work performed by Landlord within the Leased Premises shall be performed only after at least forty-eight (48) hours prior written notice to Tenant, except in the event of an emergency. Landlord shall coordinate any repairs with Tenant. Landlord shall promptly repair, at its sole cost and expense, any damage to Tenant's property which is caused by the negligent or intentional acts of Landlord and/or Landlord Agents during the course of any such repairs. Notwithstanding the foregoing, if Tenant is prevented from making reasonable use of the Leased Premises as a result of any work being undertaken by Landlord or any Landlord Party for more than five (5) consecutive days, then Tenant shall be entitled to an abatement of Base Rent for each consecutive day after the expiration of such five (5)-day period that Tenant is so prevented from making reasonable use of the Leased Premises.

**5.02 Tenant Repairs.** Tenant shall, at its sole cost and expense, maintain, repair and replace all other parts of the Leased Premises in good repair and condition, including, but not limited to: heating, ventilating and air conditioning systems (subject to the terms of section 5.01 above); pest control and extermination; and trash pick-up and removal. Tenant shall repair and pay for any damage caused by any act or omission of Tenant or Tenant Parties, employees, invitees, licensees or visitors (collectively, "Tenant Parties") to any part of the Leased Premises (including, but not limited to any part of the Leased Premises which Landlord is obligated to maintain or repair in accordance with section 5.01 of this Lease). Notwithstanding the foregoing, if the Leased Premises are in a multi-occupancy Building or Project, Landlord reserves the right to perform, on behalf of Tenant, trash pick-up and removal, and Tenant agrees to pay Landlord, Tenant's Pro Rata Share of the cost of such services, payable as Operating Expenses due hereunder. If Tenant fails to make the repairs or replacements within a reasonable time after Tenant's receipt of written notice from Landlord of the need for such repairs or replacements, Landlord may at its option, make the repairs and replacements on behalf of Tenant, and invoice Tenant for the cost of such repairs and replacements as additional rent; provided, however, that if such repair or replacement is of a nature that it cannot reasonably be performed within said thirty (30) day period, and Tenant is proceeding in good faith and with reasonable diligence to complete such repair or replacement, Tenant shall have additional time to complete such repair or replacement, and Landlord will have no right to make such repair or replacement during Tenant's attempt to do so (except in the event of an emergency). Tenant shall reimburse Landlord for any costs actually incurred by Landlord for repairs or replacements made by Landlord on behalf of Tenant in accordance with this section within thirty (30) days of Tenant's receipt of Landlord's invoice therefor, which shall include paid receipts or other evidence substantiating the actual cost of the work performed. Costs incurred under this section are the total responsibility of Tenant and do not constitute Operating Expenses under section 2.02. Notwithstanding anything to the contrary contained herein, Tenant shall have the right, but not the obligation, to repair or replace any item which is the responsibility of Landlord to repair or replace and which Landlord fails to repair or replace within thirty (30) days after Landlord's receipt of written notice from Tenant of the need for such repair or replacement, and which materially impairs Tenant's ability to use the Leased Premises for the purpose set forth in section 1.06 herein; provided, however, that if such repair or replacement is of a nature which cannot reasonably be performed within said thirty (30) day period and

Landlord is proceeding in good faith and with reasonable diligence to complete such repair or replacement, Tenant shall have no right to make such repair or replacement during Landlord's attempt to do so (except in the event of an emergency). In no event shall Tenant have the right to make any repairs which affect the structural integrity of the Building or any electrical or plumbing which affects other tenants in the Building. If Tenant commences any repair in under this section which affects the Leased Premises' electrical, plumbing, or mechanical systems, Tenant shall use only those contractors approved by Landlord or used by Landlord in the Building. The cost of any such repairs made by Tenant, shall be reimbursed to Tenant by Landlord within thirty (30) days of Landlord's receipt of a written invoice from Tenant therefor, which shall include paid receipts or other evidence substantiating the actual cost of the work performed. Notwithstanding anything contained in this Lease to the contrary, in no event shall Tenant have any obligation to maintain, repair or replace any part of the Leased Premises which would be considered a Capital Expenditure.

**5.03 Requests for Repairs.** All requests for repairs or maintenance that are the responsibility of Landlord pursuant to any provision of this Lease must be made in writing to Landlord at the address in section 1.06.

**5.04 Tenant Damages; Condition and Delivery of the Leased Premises.** Tenant shall not cause damage to any portion of the Leased Premises or Building, and at the termination or expiration of this Lease, Tenant shall deliver the Leased Premises to Landlord in as good condition as existed at the Commencement Date of this Lease, ordinary wear and tear and casualty, eminent domain, repairs to be performed by Landlord, and damage caused by Landlord and/or Landlord Parties' excepted. Landlord shall deliver the Leased Premises to Tenant on the Commencement Date in an "As-Is" condition, with all existing mechanical, electrical and plumbing systems and fixtures in good working order. Landlord will deliver the Leased Premises in "broom clean" condition, free of any furniture, fixtures or debris, with adequate lighting on the exterior of the Building and parking lot of the Project. Landlord and Tenant agree that Landlord will further construct, at its own expense, a demising wall in the Leased Premises according to Tenant's written specifications in the Construction Documents (defined below). The cost and expense of any repairs necessary to restore the condition of the Leased Premises upon termination or expiration of the Lease in accordance with this section shall be borne by Tenant, and the costs of delivery of the Leased Premises to Tenant on the Commencement Date in accordance with this section shall be borne by Landlord.

**5.05 Maintenance Contract.** Tenant shall, at its sole cost and expense, during the term of this Lease maintain a regularly scheduled preventative maintenance/service contract with a maintenance contractor of Tenant's choice, for the servicing of all hot water, heating and air conditioning systems and equipment within the Leased Premises. The maintenance contractor and contract must be approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) and must include monthly servicing, replacement of filters, replacement or adjustment of drive belts, periodic lubrication and oil change and any other services recommended by the equipment manufacturer.

## ARTICLE 6.00 ALTERATIONS AND IMPROVEMENTS

### 6.01 Landlord Improvements

**6.02 Tenant Improvements.** Beginning on the Commencement Date, Tenant, at its own cost, shall be permitted to construct any improvements to the Leased Premises as Tenant desires for the operation of its business in the Leased Premises, in accordance with Tenant's construction plans and specifications, which may be modified from time to time (the "Construction Documents"). Tenant shall provide Landlord with copies of the Construction Documents prior to the commencement of any construction, for Landlord's review. Landlord shall provide Tenant with written notice within ten (10) days of its receipt of the Construction Documents, of Landlord's approval or disapproval of the plans and specifications contained in the Construction Documents, which shall be stated with specificity in such notice, and Landlord's approval shall not be unreasonably withheld, conditioned or delayed. After completion of the initial leasehold improvements, Tenant shall not make or allow to be made any alterations or physical additions in or to the Leased Premises without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld. Any alterations, physical additions or improvements to the Leased Premises made by Tenant shall at once become the property of Landlord and shall be surrendered to Landlord upon the termination of this Lease; provided, however, Landlord, at its option, may require Tenant to remove any physical additions and/or repair any alterations in order to restore the Leased Premises to the condition existing at the time Tenant took possession, reasonable wear and tear and casualty excepted, and all costs of removal and/or

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alterations are to be borne by Tenant. Landlord must provide Tenant written notice within ten (10) days after the completion of any alterations, additions or improvements that Landlord will require Tenant to remove such alterations, additions or improvements upon the expiration or termination of this Lease, and if Landlord fails to provide Tenant with such notice, Tenant shall not be required to remove such alterations, additions or improvements. This clause shall not apply to moveable equipment, personal property, fixtures or furniture owned by Tenant, which may be removed by Tenant at the end of the term of this Lease. Upon completion of any such work by Tenant, Tenant shall provide Landlord with "as built plans", copies of all construction contracts and proof of payment for all labor and materials.

**6.03 Mechanics Lien.** Tenant will not permit any mechanic's or materialman's lien(s) or other lien to be placed upon the Leased Premises or the Building and nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any person for the performance of any labor or the furnishing of any materials to the Leased Premises, or any part thereof, nor as giving Tenant any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to any mechanic's, materialman's or other lien against the Leased Premises. In the event any such lien is attached to the Leased Premises, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, obtain the release of or otherwise discharge the same. Any amount paid by Landlord for any of the aforesaid purposes shall be paid by Tenant to Landlord on demand as additional rent.

## ARTICLE 7.00 CASUALTY AND INSURANCE

**7.01 Substantial Destruction.** If the Leased Premises and/or Building should be totally destroyed by a Force Majeure event or other casualty, or if the Leased Premises and/or Building should be damaged so that rebuilding cannot reasonably be completed within one hundred twenty (120) working days after the date of written notification by Tenant to Landlord of the destruction in Landlord's reasonable judgment, this Lease shall terminate immediately upon either party's written notice to the other party, and Base Rent and additional rent shall be abated for the unexpired portion of the Lease, effective as of the date of the written notification.

**7.02 Partial Destruction.** If the Leased Premises and/or Building should be partially damaged by a Force Majeure event or other casualty, and rebuilding or repairs can reasonably be completed within one hundred twenty (120) days from the date of written notification by Tenant to Landlord of the damage in Landlord's reasonable judgment, and to the extent that adequate insurance proceeds are available to Landlord, this Lease shall not terminate, and Landlord shall, at its sole risk and expense, proceed with reasonable diligence to rebuild or repair the Building and the Leased Premises (including all Tenant and Landlord constructed improvements to the same or better condition which they existed prior to the damage; provided however that Landlord shall have no obligation to repair or replace Tenant's furniture, fixtures or equipment and Tenant shall be solely responsible to repair or replace same. If the Leased Premises are to be rebuilt or repaired and are untenable in whole or in part following the event causing such damage, the Base Rent and any other sums payable under this Lease during the period for which the Leased Premises are untenable in whole or in part shall abate pro rata according to the portion of the Leased Premises which is made untenable until Landlord fully restores the Leased Premises to the condition which existed just before the event which caused the damage occurred. In the event that Landlord fails to complete the necessary repairs or rebuilding within one hundred twenty (120) days from the date of written notification by Tenant to Landlord of the damage, Tenant may at its option terminate this Lease by delivering written notice of termination to Landlord, whereupon all rights and obligations under this Lease shall cease to exist.

**7.03 Property Insurance.** Landlord shall at all times during the term of this Lease maintain a policy or policies of insurance with the premiums paid in advance, issued by and binding upon an insurance carrier with a Best's rating of A-1 or above in the most current issue of A.M. Best's Insurance Ratings Guide and are authorized to conduct insurance business in the state where the Premises are located, insuring the Building against all risk of physical loss in an amount equal to at least the full replacement cost of the Building structure and its improvements as of the date of the loss; provided, Landlord shall not be obligated in any way or manner to insure any personal property (including, but not limited to, any furniture, machinery, goods or supplies) of Tenant upon or within the Leased Premises, any fixtures installed or paid for by Tenant upon or within the Leased Premises. Tenant shall have no right in or claim to the proceeds of any policy of insurance maintained by Landlord even though the cost of such insurance is borne by Tenant as set forth in Article 2.00.

During the term of this Lease, Landlord shall maintain standard commercial general liability insurance or equivalent form with a limit of not less than Two Million and 00/100 Dollars (\$2,000,000.00) each occurrence and \$2,000,000 in the aggregate.

**7.03A Insurance** to be carried by either party shall be maintained with an insurer(s) holding a Best Rating of A-1 or higher. A certificate of the insurer evidencing the existence and amount of each required insurance policy shall be delivered by each party to the other on or before the Commencement Date, and thereafter within thirty (30) days after any written demand. No such policy shall be cancelable except after thirty (30) days written notice to Landlord and Tenant. Each party shall furnish the other with proof of renewal or qualified replacement policies at least ten (10) days before expiration of the original. All coverages required under this Lease shall be maintained for the duration of this Lease, including any Renewal Term.

**7.04 Waiver of Subrogation.** Notwithstanding anything in this Lease to the contrary, Landlord and Tenant hereby waive and release each other of and from any and all right of recovery, claim, action or cause of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the Leased Premises, improvements to the Building of which the Leased Premises are a part, or personal property within the Building, by reason of fire or other casualty, regardless of cause or origin, to the extent such loss or damage is covered by any insurance policy required hereunder. Landlord and Tenant agree immediately to give their respective insurance companies which have issued policies of insurance covering all risk of physical loss, written notice of the terms of the mutual waivers contained in this section, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverages by reason of the mutual waivers. Notwithstanding the foregoing, the waivers of subrogation and right of recovery described in this section 7.04 shall only be effective so long as such waivers of subrogation and right of recovery are allowed under the terms of the respective insurance policies.

**7.05 Tenant's Hold Harmless.** Landlord shall not be liable to Tenant and Tenant Parties, invitees, licensees or visitors, for an injury to person or damage to property on or about the Leased Premises caused by any act or omission of Tenant and/or Tenant Parties, or of any other person entering upon the Leased Premises under express or implied invitation by Tenant, or caused by Tenant's failure to perform its maintenance obligations under this Lease the failure or cessation of any service provided by Landlord (including security service and devices) unless due to Landlord's and/or Landlord Parties' negligence, or caused by leakage of gas, oil, water or steam or by electricity emanating from the Leased Premises, unless due to Landlord's and/or Landlord Parties' negligence. Tenant agrees to indemnify and hold harmless Landlord of and from any loss, reasonable attorney's fees, expenses or claims actually incurred by Landlord arising out of any such damage or injury.

**7.05A Landlord's Hold Harmless.** Tenant shall not be liable to Landlord and Landlord Parties, invitees, licensees or visitors, for any injury to person or damage to property on or about the Leased Premises, Building and/or Project caused by the negligent act or omission of Landlord and/or Landlord Parties, or any other person entering upon the Building and/or Project under express or implied invitation of Landlord. Landlord agrees to indemnify and hold harmless Tenant of and from any loss, attorney's fees, expenses or claims actually incurred by Tenant arising out of any such damage or injury.

**7.06 Liability Insurance.** Tenant shall at Tenant's expense, obtain and keep in force at all time during the term of this Lease, comprehensive general liability insurance including, property damage on an occurrence basis with limits of not less than One Million Dollars (\$1,000,000.00) combined single limit insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Leased Premises and all areas appurtenant thereto. The limit of said insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy provided an endorsement naming Landlord as an additional insured is attached thereto.

## ARTICLE 8.00 CONDEMNATION

**8.01 Substantial Taking.** If all or a substantial part of the Leased Premises are taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by purchase in lieu thereof, and the taking would prevent or materially interfere with the use of the Leased Premises for the purpose for which it is

then being used, this Lease shall terminate immediately upon written notice from either party to the other party, and the parties shall have no further liabilities or obligations under this Lease effective on the date physical possession is taken by the condemning authority. Tenant shall have no claim to the condemnation award or proceeds in lieu thereof.

**8.02 Partial Taking.** If a portion of the Leased Premises shall be taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain or by purchase in lieu thereof, and this Lease is not terminated as provided in section 8.01 above, Landlord or Tenant may upon written notice to the other elect to terminate this Lease within thirty (30) days of the taking, and the parties shall have no further liabilities or obligations under this Lease. If this Lease is not terminated in accordance with the immediately preceding sentence (or section 8.01), Landlord shall, at Landlord's sole risk and expense, restore and reconstruct the Leased Premises, Building and other improvements on the Leased Premises to the extent necessary to make it reasonably tenantable, and sufficient, in Tenant's sole reasonable judgment, for Tenant's use in accordance with this Lease. The Base Rent and other sums payable under this Lease during the unexpired portion of the Term shall be adjusted pro rata according to the portion of the Leased Premises which was taken. Tenant shall have no claim to the condemnation award or proceeds in lieu thereof. All damages awarded for such taking under the power of eminent domain, whether for the whole or a part of the Leased Premises shall belong to and be the property of Landlord whether such damages shall be awarded as compensation for diminution in value to the leasehold or to the fee of the Leased Premises, provided, however, Tenant hereby reserves such rights it may have to recover Tenant's damages or compensation for loss of trade fixtures, loss of business, relocation expenses, and the unamortized cost of Tenant's leasehold improvements.

## ARTICLE 9.00 ASSIGNMENT OR SUBLEASE

**9.01 Landlord Assignment.** Landlord, its successors or assigns shall have the right to sell, transfer or assign, in whole or in part, its rights and obligations under this Lease and in the Building. Any such sale, transfer or assignment shall operate to release Landlord from any and all liabilities under this Lease arising after the date of such sale, assignment or transfer provided successor landlord assumes all obligations.

**9.02 Tenant Assignment.** Tenant shall not assign, in whole or in part, this Lease, or allow it to be assigned, in whole or in part, by operation of law or otherwise (including without limitation by transfer of a majority interest of stock, merger, or dissolution, which transfer of majority interest of stock, merger or dissolution shall be deemed an assignment) or mortgage or pledge the same, or sublet the Leased Premises, in whole or in part, without the prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed. In no event shall any such assignment or sublease release Tenant or any guarantor from any obligation or liability hereunder, unless expressly agreed to by the parties in writing. No assignee or subtenant of the Leased Premises or any portion thereof may assign or sublet the Leased Premises or any portion thereof. Notwithstanding the foregoing, Tenant may assign or sublet this Lease and the Leased Premises (or any portion thereof) without Landlord's consent to any entity which controls, is controlled by or is under common control with Tenant, or is any entity resulting from the merger or consolidation of Tenant, or is any person or entity which acquires assets of Tenant as a going concern of the business that is being conducted on the Leased Premises. For purposes of this section, "control" shall be deemed to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Tenant or any such corporation or entity as the case may be, whether through the ownership of voting securities, by contract, or otherwise.

**9.03 Conditions of Assignment.** [Intentionally Deleted].

**9.04 Subordination and Non-Disturbance.** Tenant accepts this Lease subject and subordinate to any recorded mortgage or deed of trust lien presently existing or hereafter created upon the Leased Premises and to all existing recorded restrictions, covenants, easements and agreements with respect to the Leased Premises. Landlord is hereby irrevocably vested with full power and authority to subordinate Tenant's interest under this Lease to any first mortgage or deed of trust lien hereafter placed on the Leased Premises, and Tenant agrees to execute, within a reasonable time following Tenant's receipt of Landlord's written request additional instruments subordinating this Lease as Landlord may reasonably require. Notwithstanding the foregoing, Landlord shall provide to Tenant a commercially reasonable Non-Disturbance Subordination and Attornment Agreement ("SNDA") from any such mortgagee as a condition to such subordination. In connection with the placement of any mortgage on the Leased Premises, Landlord shall make commercially reasonable



efforts to provide Tenant, and Tenant shall execute and return to Landlord, a SNDA executed by the applicable mortgagees or lessors, which SNDA shall be in form and substance satisfactory to Tenant and such mortgagee and shall provide that this Lease shall be subordinate to any mortgage and that the Lease shall be recognized by such mortgagees or lessors and the rights of Tenant as set forth herein shall remain in full force and effect during the Term of this Lease so long as Tenant shall continue to timely perform all the covenants and conditions of this Lease and is not in default hereunder and further provided that Tenant agrees to attorn to any party becoming the owner of the Premises through foreclosure of such mortgage or other exercise of remedies thereunder. So long as Tenant is not in default under this Lease and performs its obligations under this Lease, Tenant shall continue to enjoy the quiet and peaceable possession of the Leased Premises. If the interests of Landlord under this Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of any first mortgage or deed of trust lien on the Leased Premises, Tenant shall be bound to the transferee (sometimes called the "Purchaser") at the option of the Purchaser, under the terms, covenants and conditions of this Lease for the balance of the Term remaining, including any extensions or renewals, with the same force and effect as if the Purchaser were Landlord under this Lease, and, if requested by the Purchaser, Tenant agrees to attorn to the Purchaser, including the first mortgagee under any such mortgage if it be the Purchaser, as its Landlord.

**9.05 Estoppel Certificates.** Tenant agrees to furnish, from time to time, within a reasonable time after Tenant's receipt of a written request from Landlord or Landlord's mortgagee, a statement certifying, if applicable, the following: Tenant is in possession of the Leased Premises; the Leased Premises are acceptable; the Lease is in full force and effect; the Lease is unmodified; Tenant claims no present charge, lien, or claim of offset against rent; the rent is paid for the current month, but is not prepaid for more than one month and will not be prepaid for more than one month in advance; there is no existing default by reason of some act or omission by Landlord; and such other matters as may be reasonably required by Landlord or Landlord's mortgagee. Tenant's failure to deliver such statement (a) shall be deemed to establish conclusively that this Lease is in full force and effect except as declared by Landlord, (b) that Landlord is not in default of any of its obligations under this Lease, (c) that Landlord has not received more than one month's rent in advance and (d) at Landlord's sole option, be declared a default under this Lease.

## **ARTICLE 10.00 RENEWAL OPTION; TERMINATION OPTION**

**10.01 Renewal Option.** If at the end of the original Term of this Lease, Tenant is not, and has not been in default (unless such Tenant Default was cured as per the terms of this Lease) of any of the terms, conditions or covenants of the Lease, the original Tenant (but not any assignee or subtenant of Tenant), is hereby granted a one-time option to renew this Lease for two (2) additional consecutive terms of five (5) years each (each a "Renewal Term"), upon the same terms and conditions contained in this Lease, excepting the determination of Fair Market Value (defined below) for purposes of determining Base Rent due during each Renewal Term pursuant to section 10.02. As used herein, "Fair Market Value" shall mean the fair market value, at the commencement of such Renewal Term, for renewals of space in the vicinity of the Leased Premises of similar age and condition, while also taking into account: the length of the Renewal Term, market tenant improvements, concessions, commissions, size, and the credit standing of Tenant. In the event Tenant elects to renew the Lease, pursuant to the terms herein, then Tenant shall deliver written notice to Landlord of Tenant's intent to exercise the renewal option granted herein (the "Renewal Request Notice") not less than ninety (90) days prior to the expiration of the initial Term (or the applicable Renewal Term, as the case may be).

**10.02 Determination of Base Rent During Renewal Term(s).** Within twenty (20) days after receipt of Tenant's notice to renew, Landlord shall deliver to Tenant written notice ("Landlord's Rent Notice") of the Fair Market Value, and shall advise Tenant of the required adjustment to monthly Base Rent. Tenant shall, within ten (10) business days after receipt of Landlord's Rent Notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Fair Market Value. If Tenant timely notifies Landlord that Tenant accepts Landlord's determination of the Fair Market Value, then, on or before the commencement date of the Renewal Term, Landlord and Tenant shall execute an amendment to this Lease extending the Term on the same terms provided in this Lease, except as follows monthly Base Rent shall be adjusted to the Fair Market Value. If, however, Tenant disagrees with Landlord's determination of the Fair Market Value, Tenant shall notify Landlord in writing within ten (10) business days after receipt of Landlord's Rent Notice. The parties shall have an additional fifteen (15) days (the "Negotiation Period") to agree on the Fair Market Value. If the parties agree on the Fair Market Value during the Negotiation Period, then they shall execute an amendment to this Lease extending the Term on the same terms provided in this Lease, except monthly

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Base Rent shall be adjusted to the Fair Market Value as mutually agreed upon by Landlord and Tenant. If, however, the parties are still unable to agree on the Fair Market Value then the Fair Market Value shall be determined by appraisal as follows:

(a) Such Fair Market Value shall be determined by a broker or real-estate agent selected by Landlord; provided, that, such broker or real-estate agent shall be a licensed real-estate agent with more than five (5) years' experience appraising rental property similar to the Leased Premises in the vicinity of the Leased Premises. The Landlord's broker or real-estate agent appraisal shall be completed and a copy thereof provided to Tenant within fifteen (15) days after the expiration of the Negotiation Period;

(b) If Tenant disagrees with Landlord's broker's or real-estate agent's determination of the Fair Market Value, then Tenant may select a qualified broker or real-estate agent of the same or greater experience with Tenant's broker's or real-estate agent's determination of Fair Market Value to be completed and a copy provided to Landlord within thirty (30) days after such receipt by Tenant of Landlord's broker's or real-estate agent's determination. If the higher of the two appraisals is less than the product obtained by multiplying the lower of the two appraisals by the factor 1.05, then the Fair Market Value of the Leased Premises shall be the average of Landlord's appraisal amount and Tenant's appraisal amount.

(c) If the higher of the two appraisals is not less than the product obtained by multiplying the lower of the two appraisals by the factor 1.05, then Landlord's appraiser and Tenant's appraiser shall select a third broker or real-estate agent of similar experience to perform a third appraisal, and such third broker or real-estate agent shall complete and deliver the third appraisal to Landlord and Tenant within ten (10) days after receipt by Landlord of Tenant's appraisal, and the Fair Market Value of the Leased Premises, as determined by such third broker or real-estate agent, shall be considered its Fair Market Value; provided, however, that (i) if the third appraiser's Fair Market Value determination is lower than the Fair Market Value as shown in both of the first two appraisals, then the Fair Market Value of the Leased Premises will be the lesser of the first two appraisals, and (ii) if the third appraiser's Fair Market Value is greater than the Fair Market Value as shown in both of the first two appraisals, then the Fair Market Value of the Leased Premises shall be the greater of the first two appraisals.

(d) It is hereby agreed that each broker or real-estate agent shall independently and confidentially appraise the Leased Premises and shall not be notified of the Fair Market Value attributed to the Leased Premises by any other broker or real-estate agent. Landlord and Tenant shall each bear the cost of their own broker or real-estate agent, and shall share equally the costs of the third broker or real-estate agent, if any.

**10. 03 Termination Option.** In the event that the Building, title or zoning prohibits Tenant from procuring a Tennessee license to operate its business in the Leased Premises, or if Tenant is denied a Certificate of Need for the Leased Premises (collectively, a "Termination Event"), Tenant shall have the right and option to terminate this Lease without any further liability therefor ("Termination Option"), subject to and upon the following terms and conditions: (a) Tenant shall give Landlord at least five (5) days prior written notice (the "Termination Notice") of its intention to exercise its Termination Option; (b) notwithstanding Tenant's delivery of the Termination Notice, Tenant shall continue to pay any Base Rent and additional rent due through the date specified in the Termination Notice as the termination date; (c) Tenant shall surrender possession of the Leased Premises in the condition required under the Lease; and (d) as consideration for the right to terminate the Lease pursuant to the Termination Option, the Security Deposit and Prepaid Rent shall be forfeited by Tenant to Landlord, and Tenant shall further pay to Landlord a sum equal to \$5,856.67 at the time the Termination Notice is tendered to Landlord. Notwithstanding anything herein to the contrary, if any of the above required actions are not completed by Tenant at the date and time prescribed herein, this Termination Option shall be null and void and the Lease will continue for the Term as defined herein. con

In the event that Tenant exercises its Termination Option, and all of the above required actions are completed as written, this Lease shall terminate as of the date set forth in the Termination Notice as if such date were the date originally stipulated for the expiration of the initial Term (the "Termination Date").

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## ARTICLE 11.00 DEFAULT AND REMEDIES

**11.01 Default by Tenant.** The following shall be deemed to be events of default by Tenant under this Lease (each, a "Tenant Default"): (1) Tenant shall fail to pay when due any installment of Base Rent or any other payment required pursuant to this Lease within ten (10) days after Tenant's receipt of written notice from Landlord; (2) Tenant shall fail to comply with any material term, provision or covenant of this Lease, other than the payment of Base Rent and other payments required by this Lease when due, and the failure is not cured within thirty (30) days after Tenant's receipt of written notice from Landlord specifying the claimed default, or if such Tenant Default is not reasonably capable of cure within thirty (30) days, such longer period as is necessary; or (3) Tenant shall file a petition or be adjudged bankrupt or insolvent under any applicable federal or state bankruptcy or insolvency law or admit that it cannot meet its financial obligations as they become due and the filing is not dismissed within sixty (60) days after Tenant's receipt of written notice from Landlord; or a receiver or trustee shall be appointed for all or substantially all of the assets of Tenant and such receiver or trustee is not dismissed within sixty (60) days after Tenant's receipt of written notice from Landlord; or Tenant shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors; or (4) Tenant shall do or permit to be done any act which results in a lien being filed against the Leased Premises or the Building and/or Project of which the Leased Premises are a part, and such lien is not released within sixty (60) days following Tenant's receipt of written notice of the filing of such lien.

**11.02 Remedies for Tenant's Tenant Default.** Upon the occurrence of any uncured Default set forth in this Lease, Landlord shall have the option to pursue any one or more of the remedies set forth herein without any notice or demand: (1) Landlord may enter upon and take possession of the Leased Premises, by picking or changing locks if necessary, and lock out, expel or remove Tenant and any other person who may be occupying all or any part of the Leased Premises without being liable for any claim for damages related to such removal, and relet the Leased Premises on behalf of Tenant and receive the rent directly by reason of the reletting. Tenant agrees to pay Landlord on written demand any deficiency in the Base Rent or other sums due under the Lease that may arise by reason of any reletting of the Leased Premises; further, Tenant agrees to reimburse Landlord for any reasonable and necessary expenditures made by Landlord in order to relet the Leased Premises, including, but not limited to, remodeling and repair costs, provided that Landlord does not receive any sums or other consideration from a third party in payment of the foregoing costs; (2) Landlord may enter upon the Leased Premises, by picking or changing locks if necessary, without being liable for any claim for damages, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to reimburse Landlord on demand for any reasonable and necessary expenses which Landlord incurs in effecting compliance with Tenant's obligations under this Lease; further, Tenant agrees that Landlord shall not be liable for any damages resulting to Tenant from effecting compliance with Tenant's obligations under this Lease caused by the negligence of Landlord or otherwise; and (3) Landlord may terminate this Lease, in which event Tenant shall immediately surrender the Leased Premises to Landlord, and if Tenant fails to surrender the Leased Premises, Landlord may, without prejudice to any other remedy which it may have, enter upon and take possession of the Leased Premises, by picking or changing locks if necessary, and lock out, expel or remove Tenant and any other person who may be occupying all or any part of the Leased Premises without being liable for any claim for damages related to such removal. Notwithstanding anything to the contrary contained in this Lease, Landlord shall use reasonable efforts to mitigate any damage accruing as a result of a Default by Tenant. A rent concession or waiver of the Base Rent shall not relieve Tenant of any obligation to pay any other charge due and payable under this Lease including without limitation any sum due under section 2.02, unless otherwise agreed to by the parties in writing. Notwithstanding anything contained in this Lease to the contrary, this Lease may be terminated by Landlord upon an event of Tenant Default only by mailing or delivering written notice of such termination to Tenant.

**11.03 Default By Landlord.** Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any mortgagee or beneficiary under any deed of trust encumbering the Leased Premises whose name and address have been previously furnished to Tenant in writing. Landlord shall not be in default under this Lease unless Landlord, or Landlord's mortgagee or beneficiary, fails to cure such non-performance within thirty (30) days after written notice by Tenant; provided, however, if such default cannot reasonably be cured within said thirty (30) day period, Landlord shall not be in default due to Landlord's failure to cure such non-performance, provided Landlord shall have commenced the curing of such default within said thirty (30) day period and thereafter diligently proceeds to complete the curing of said default. Should Landlord be in default of its obligations under this Lease, in

addition to all other remedies available to Tenant under this Lease or at law or equity, Tenant may (but shall not be obligated to) perform the obligations of Landlord and the reasonable costs thereof (the "Tenant Reimbursement Amount") shall be payable from Landlord to Tenant upon demand. If Landlord fails to reimburse Tenant on demand for the Tenant Reimbursement Amount within thirty (30) days after Tenant gives Landlord written notice of such past due amount, then Tenant may deduct any such Tenant Reimbursement Amount from Base Rent due or to become due to Landlord under this Lease.

## ARTICLE 12.00 RELOCATION

[Intentionally Deleted]

## ARTICLE 13.00 DEFINITIONS

**13.01 Abandon.** Intentionally Omitted.

**13.02 Act of God or Force Majeure.** An "act of God" or "force majeure" is defined for purposes of this Lease as strikes, lockouts, sitdowns, material or labor restrictions by any governmental authority, unusual transportation delays, riots, floods, washouts, explosions, earthquakes, fire, storms, weather (including wet grounds or inclement weather which prevents construction), acts of the public enemy, wars, insurrections and any other cause not reasonably within the control of Landlord and/or Tenant and which by the exercise of due diligence Landlord and/or Tenant is unable, wholly or in part, to prevent or overcome.

**13.03 Building or Project.** "Building" or "Project" as used in this Lease means the Building and/or Project described in section 1.02, including the Leased Premises and the land upon which the Building or Project is situated.

**13.04 Commencement Date.** "Commencement Date" shall be the date set forth in section 1.03. The Commencement Date shall constitute the commencement of the term of this Lease for all purposes, whether or not Tenant has actually taken possession.

**13.05 Completion Date.** "Completion Date" shall be the date on which the improvements erected and to be erected upon the Leased Premises shall have been completed in accordance with the Construction Documents. Landlord shall use its best efforts to establish the Completion Date as of the Commencement Date set forth in section 1.03. In the event that the improvements have not in fact been completed as of that date, Tenant shall notify Landlord in writing of its objections. Landlord shall have a reasonable time after delivery of the notice in which to take such corrective action as may be necessary and shall notify Tenant in writing as soon as it deems such corrective action has been completed and the Leased Premises are ready for occupancy. Upon completion of construction, and acceptance of the improvements by Tenant, Tenant shall deliver to Landlord a letter accepting the Leased Premises as suitable for the purposes for which they are let. Whether or not Tenant has executed such letter of acceptance, taking possession of the Leased Premises by Tenant shall be deemed to establish conclusively that the improvements have been completed in accordance with the Construction Documents, are suitable for the purposes for which the Leased Premises are let, and that the Leased Premises are in good and satisfactory condition as of the date possession was so taken by Tenant, except for latent defects, if any.

**13.06 Square Feet.** "Square feet" or "square foot" as used in this Lease includes the area contained within the Leased Premises together with a common area percentage factor of the Leased Premises proportionate to the total Building area.

## ARTICLE 14.00 MISCELLANEOUS

**14.01 Waiver.** Failure of either party to declare an event of default immediately upon its occurrence, or delay in taking any action in connection with an event of default, shall not constitute a waiver of the default, but such party shall have the continuing right to declare the default at any time and take such action as is lawful or authorized under this Lease. Pursuit of any one or more of the remedies set forth in article 11.00 above shall not preclude pursuit of any one or more of the other remedies provided elsewhere in this Lease or provided by law, nor shall pursuit of any remedy constitute

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forfeiture or waiver of any rent or damages accruing to Landlord by reason of the violation of any of the terms, provisions or covenants of this Lease. Failure by a party to enforce one or more of the remedies provided upon an event of default shall not be deemed or construed to constitute a waiver of the default or of any other violation or breach of any of the terms, provisions and covenants contained in this Lease.

**14.02 Act of God.** Landlord and/or Tenant shall not be required to perform any covenant or obligation in this Lease, or be liable in damages to the other party, so long as the performance or nonperformance of the covenant or obligation is delayed, caused or prevented by an act of God, Force Majeure, or casualty, or by the other party. This provision shall not apply to either party's obligation to pay to the other party rent or any other monetary amounts due under this Lease.

**14.03 Attorney's Fees.** In the event either party hereunder defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease and either party places in the hands of an attorney the enforcement of all or any part of this Lease, the collection of any rent due or to become due or recovery of the possession of the Leased Premises, the defaulting party agrees to pay the prevailing party's costs of collection, including reasonable attorney's fees for the services of the attorney, whether suit is actually filed or not.

**14.04 Successors.** This Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective heirs, personal representatives, successors and assigns. It is hereby covenanted and agreed that should Landlord's interest in the Leased Premises cease to exist for any reason during the term of this Lease, then notwithstanding the happening of such event this Lease nevertheless shall remain unimpaired and in full force and effect, and Tenant hereunder agrees to attorn to the then owner of the Leased Premises.

**14.05 Rent Tax.** If applicable in the jurisdiction where the Leased Premises are situated, Tenant shall pay and be liable for all rental, sales and use taxes or other similar taxes, if any, levied or imposed against the Base Rent payable by Tenant under this Lease by any city, state, county or other governmental body having authority, such payments to be in addition to all other payments required to be paid to Landlord by Tenant under the terms of this Lease. Any such payment shall be paid within thirty (30) days of Tenant's receipt of a written detailed invoice therefor.

**14.06 Captions.** The captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any section.

**14.07 Notice.** All Base Rent and other payments required to be made by Tenant under this Lease shall be payable to Landlord at the address set forth in section 1.06. All payments required to be made by Landlord to Tenant shall be payable to Tenant at the address set forth in section 1.06. Service of any written notice between Landlord and Tenant required under this Lease shall be sufficient only if sent by Federal Express or other reputable overnight courier, certified mail, or hand delivery, addressed to the recipient at the address in section 1.06 above. Notice shall be effective upon receipt if set by Federal Express, hand delivery or courier. Notice shall be deemed received by a party three (3) days after notice is sent if delivered by certified mail. A party may change its address for purposes of this Lease by providing the other party not less than thirty (30) days prior written notice of such change.

**14.08 Submission of Lease.** Submission of this Lease to Tenant for signature does not constitute a reservation of space or an option to lease. This Lease is not effective until execution by and delivery to both Landlord and Tenant.

**14.09 Corporate Authority.** If Tenant executes this Lease as a corporation, each of the persons executing this Lease on behalf of Tenant does hereby personally represent and warrant that Tenant is a duly authorized and existing corporation, that Tenant is qualified to do business in the state in which the Leased Premises are located, that the corporation has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is authorized to do so. In the event any representation or warranty is false, all persons who execute this Lease shall be liable, individually, as Tenant. Landlord represents and warrants to Tenant that it is a limited liability company in good standing and validly existing in the state in which the Leased Premises is located, and that all corporate action has been taken by Landlord approving this transaction, and no third party consents are required. The signatory of Landlord below has the full right and authority to execute this Lease on behalf of the Landlord, and the Lease shall be binding upon Landlord once executed.

*RAS*

**14.10 Severability.** If any provision of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

**14.11 Limitation of Liability.** If Landlord shall be in default under this Lease and, if as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the right, title and interest of Landlord in the Project as the same is then constituted and neither Landlord nor any person or entity comprising Landlord shall be liable for any deficiency. In no event shall Tenant have the right to levy execution against any property of Landlord nor any person or entity comprising Landlord other than its interest in the Project as herein expressly provided.

**14.12 Brokers; Indemnity.** The parties represent and warrant to each other that no brokers have been engaged by either party with respect to this Lease other than James Rainer and Jim Rainer, licensees of Grubb & Ellis Memphis (collectively, "Tenant's Broker"). Landlord shall pay Tenant's Broker a commission equal to four percent (4%) of the Base Rent payable during the initial Term of this Lease ("Tenant's Broker's Fee"), according to a separate written agreement between Landlord and Tenant's Broker, and Tenant shall have no liability therefor. *One Hundred percent (100%) of Tenant's Broker Fee is payable on the Commencement Date.* Landlord agrees to indemnify and hold harmless Tenant from and against any liability or claim, whether meritorious or not, arising with respect to any broker whose claim arises by, through or on behalf of Landlord. Tenant agrees to indemnify and hold harmless Landlord from and against any liability or claim, whether meritorious or not, arising with respect to any broker whose claim arises by, through or on behalf of Tenant.

**14.13 Memorandum of Lease.** Upon Tenant's request or with Landlord's written consent, the parties agree to execute a short form of this Lease for recording purposes containing such terms as Landlord believes appropriate or desirable. If such a short form of this Lease is recorded, upon the termination of this Lease, Tenant shall execute, acknowledge, and deliver to Landlord an instrument in writing releasing and quitclaiming to Landlord all right, title and interest of Tenant in and to the Leased Premises arising from this Lease or otherwise.

**14.4 Patient Records.** Landlord acknowledges that Tenant intends to use the Premises initially as a substance abuse treatment facility serving various patients, and that the Premises shall contain Medical Records (hereinafter defined) owned by such patients, and that such Medical Records must remain confidential. Accordingly, in no event shall Landlord obtain any ownership interest or block access to any Medical Records and if any Landlord or Landlord's Affiliate enters the Premises for any reason, Landlord shall not review, disclose, use, distribute, or destroy any of the Medical Records; provided that Tenant is and shall remain solely responsible for compliance with confidentiality requirements. As used herein, the term "Medical Records" shall mean and include, without limitation, patient files and materials owned by such patients, and/or any other confidential information or information protected by the Health Insurance Portability and Accountability Act (HIPAA) or similar federal/state law, whether stored electronically or on paper, which Medical Records shall at all times remain the property of the Tenant or the respective patient(s) of the Tenant, as the case may be. Tenant shall remove all Medical Records and controlled substances prior to the expiration or termination of this Lease and shall indemnify and hold Landlord harmless against any risk, expense or liability therefor. Any Medical Records not removed upon the termination or expiration of this Lease may be assembled by Landlord and to the degree practical shipped to Tenant's last known address for notice or stored at the option of Landlord at Tenant's sole cost, risk and expense. In the event controlled substances are not removed by Tenant upon the termination or expiration of this Lease, then Landlord may, at Tenant's sole cost, risk and expense, contract with third parties having appropriate licenses to handle same to remove the controlled substances.

## ARTICLE 15.00 AMENDMENT AND LIMITATION OF WARRANTIES

**15.01 Entire Agreement.** IT IS EXPRESSLY AGREED BY TENANT, AS A MATERIAL CONSIDERATION FOR THE EXECUTION OF THIS LEASE, THAT THIS LEASE, WITH THE SPECIFIC REFERENCES TO WRITTEN EXTRINSIC DOCUMENTS, IS THE ENTIRE AGREEMENT OF THE PARTIES; THAT THERE ARE, AND WERE, NO VERBAL REPRESENTATION, WARRANTIES, UNDERSTANDINGS, STIPULATIONS,

*TRG*



AGREEMENTS OR PROMISES PERTAINING TO THIS LEASE OR TO THE EXPRESSLY MENTIONED WRITTEN EXTRINSIC DOCUMENTS NOT INCORPORATED IN WRITING IN THIS LEASE.

**15.02 Amendment.** THIS LEASE MAY NOT BE ALTERED, WAIVED, AMENDED OR EXTENDED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY LANDLORD AND TENANT.

**15.03 Limitation of Warranties.** LANDLORD AND TENANT EXPRESSLY AGREE THAT THERE ARE AND SHALL BE NO IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THOSE EXPRESSLY SET FORTH IN THIS LEASE.

## ARTICLE 16.00 OTHER PROVISIONS

### 16.01 Hazardous Substances:

(a) Environmental Protection. Tenant shall not cause or permit to occur:

(i) any violation of any present or future federal, state or local law, ordinance or regulation related to environmental conditions in or about the Leased Premises, including, but not limited to, improvements or alterations made to the Leased Premises at any time by Tenant, its agents or contractors, or

(ii) the use, generation, release, manufacture, refining, production, processing, storage or disposal by Tenant of any "Hazardous Substances" (as hereinafter defined) in or about the Leased Premises, or the transportation to or from the Leased Premises of any Hazardous Substances.

Tenant, at its expense, shall comply with each present and future federal, state and local law, ordinance and regulation related to environmental conditions in or about the Leased Premises or Tenant's use of the Leased Premises, including, without limitation, all reporting requirements and the performance of any cleanups required by any governmental authorities on account of Tenant's default under section 16.01. Tenant shall indemnify, defend and hold harmless Landlord and its employees from and against all fines, suits, claims, actions, damages, liabilities, costs and expenses (including attorney's and consultant's fees) asserted against or sustained by

any such person or entity and arising out of or in any way connected with Tenant's failure to comply with its obligations under this section 16.01, which obligations shall survive the expiration or termination of this Lease.

(b) Hazardous Substances. As used in this section 16.01, "Hazardous Substances" shall include, without limitation, flammables, explosives, radioactive materials, asbestos containing materials (ACMs), polychlorinated biphenyls toxicity, pollutants, contaminants, hazardous wastes, toxic substances, petroleum and petroleum products, chlorofluorocarbons (CFCs) and substances declared to be hazardous or toxic under any present or future federal, state or local law, ordinance or regulation.

(c) Landlord represents and warrants that to the best of its knowledge, without inquiry, the Land, the Building, and the Leased Premises are presently free of asbestos, toxic waste, underground storage tanks, and other Hazardous Substances. Landlord shall indemnify and hold harmless Tenant, its directors, officers, partners and any of its employees, against all costs incurred (including without limitation, amounts paid pursuant to penalties, fines and/or orders) arising out of any claim made by Federal, State or local agencies or departments or private litigants or third parties with respect to violations or alleged violations of environmental or health laws, rules, regulations, orders or common law (collectively "Environmental Laws"), provided such violations or alleged violations are not caused solely by Tenant, its agents or employees.

**16.02 Construction by Tenant:** Tenant accepts the Leased Premises "as is", in the condition shown on the attached Exhibit A. Any finish-out construction or refurbishing work including all utility connections, shall be performed by Tenant. This section is subject to the following terms and conditions:

1. Tenant shall submit plans and specifications for the finish-out work to Landlord for approval at least fifteen (15) days prior to commencing any finish-out construction. Tenant's plans and specifications in the Construction Documents must be approved by Landlord in writing prior to the commencement of construction. Upon final design and completion, Tenant's plans and specifications shall be attached to this Lease as an exhibit. All work shall be performed in conformance with such approved plans and specifications in a good and workmanlike manner and in compliance with all applicable laws, rules, codes, ordinances and regulations. Tenant, at Tenant's sole cost and expense, shall obtain all permits required prior to commencement of construction.

2. Tenant shall provide Landlord with a complete list of contractors and subcontractors who will be performing work in or on the Leased Premises. Landlord, in its sole but reasonable discretion, shall have the right to reject any contractor or subcontractor.

3. Tenant shall furnish Landlord a Certificate of Insurance naming Landlord as an additional insured on Tenant's liability insurance.

4. If work is performed by Tenant on parts of the Building that are presently under warranty from other contractors or subcontractors, including but not limited to the roof, heating, ventilating and air conditioning systems, electrical and sprinkler systems, such work shall be done by Landlord's contractor or subcontractor who is responsible under the warranty.

5. Upon completion of the work, Landlord's architect shall inspect the Leased Premises to ensure that the work has been performed in accordance with the approved plans and specifications.

6. Tenant holds Landlord harmless from and indemnifies Landlord against any and all liability, costs, expenses, including attorney's fees, claims, demands, or causes of action for damage to persons or property arising out of or in connection with the work performed by Tenant and Tenant Parties.

**16.03 Landlord's Environmental Covenants.** Landlord hereby represents and warrants the following to Tenant: (a) to Landlord's actual knowledge, the Leased Premises has not been used for the disposal of refuse or waste, or for the generation, processing, manufacture, treatment, release, or discharge of any Hazardous Substances, nor the storage or handling of Hazardous Substances except in accordance with all applicable Environmental Laws; (b) no written notice has been given to Landlord or, to its actual knowledge, to any party in the chain of title to the Leased Premises, by any governmental authority or any person claiming any violation of any Environmental Laws and (c) to Landlord's actual knowledge, the Leased Premises is not in violation of any Environmental Laws. As between Landlord and Tenant, Landlord hereby covenants and agrees that Landlord is solely responsible for all claims, damages and liabilities relating to all violations of Environmental Laws occurring or arising on, under or from the Leased Premises and Land prior to the Commencement Date or caused by Landlord during or after the Term including any Renewal Term(s) including the performance of and payment for any environmental remediation or clean-up work and the preparation of any closure or other required plans; provided that Tenant shall be responsible for any costs related to Hazardous Substances on the Leased Premises or Land established to have been caused by Tenant's use of the Leased Premises. Landlord hereby indemnifies and agrees to hold Tenant and Tenant's Affiliates (as hereinafter defined) harmless from any and all claims for any costs, expenses, penalties, fines, losses and liabilities arising out of or in connection with: Landlord's breach of any representation, warranty or covenant contained in this Article 16 and/or (b) the presence of Hazardous Substances on, under or about the Leased Premises caused by Landlord or any Landlord Parties.

**16.04 PILOT Program.** Tenant may wish to seek approval of The Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "IDB") of an application for qualification of the Leased Premises for participation in a payment in lieu of taxes program (the "PILOT Program") with respect to the ad valorem taxes assessed or to be assessed against the Leased Premises and the equipment, trade fixtures and other personal property to be used by Tenant in connection with its use and occupancy of the Leased Premises. Participation in the Pilot Program will require a conveyance of the Leased Premises to the IDB and a leaseback of the Leased Premises from the IDB so that the Leased Premises will be owned by a tax exempt governmental entity and the ad valorem taxes will be frozen at



the assessed value existing at the time of the transfer to the IDB. Landlord agrees that any such ad valorem tax benefits which would be conferred on Landlord by the IDB are intended to be passed through for the economic benefit of Tenant. Landlord agrees to provide reasonable cooperation to Tenant in connection with Tenant's making application for participation in the Pilot Program and in implementing the Pilot Program by transferring the Leased Premises to, and leasing the Leased Premises back from, the IDB (the "IDB Lease"). Landlord and Tenant agree that, upon execution of the IDB Lease, this Lease shall simultaneously become a Sublease with Landlord as Sublandlord and Tenant as Subtenant. Upon termination of the IDB Lease, such sublease shall simultaneously again become the Lease between Landlord and Tenant. Any documents required to be executed by Landlord in connection with the Pilot Program, including, without limitation, the Application and the IDB Lease, shall be in form and content acceptable to Landlord and Tenant. Tenant shall be solely responsible for all costs and expenses related to the transfer of the Leased Premises to the IDB and to participation in the Pilot Program, including, without limitation, all legal fees and expenses, application fees, closing fees, recording fees, costs to subdivide the property, transfer taxes, title insurance cost, administrative costs, and Pilot Program payments (collectively, the "Pilot Program Cost"). Tenant hereby agrees to indemnify, defend and hold harmless Landlord of and from any liability or obligations of Landlord to the IDB arising under the IDB Lease, including, without limitation, Landlord's obligations pertaining to Environmental Matters (as defined in the IDB Lease) and Hazardous Substances (as defined herein). Tenant hereby agrees that Landlord shall have no responsibility for whether the Leased Premises are approved by the IDB for participation in the Pilot Program or for any limitation or cancellation on the ad valorem tax benefits which may be derived from participation in the Pilot Program. Anything herein contained to the contrary notwithstanding, Tenant agrees that all obligations of Landlord pursuant to this section are subject to the prior written approval of Landlord's lender presently holding a first mortgage lien security interest on the building or Project of which the Leased Premises are a part. In the event that such lender fails or refuses to give such approval, Landlord shall be relieved from all obligations under this section 16.04.

**16.05** All approvals of Landlord shall not be unreasonably withheld or delayed.

**16.06 Insurance Questionnaire:** Intentionally Omitted

**16.07 Letter of Credit.** Intentionally Omitted

*Rus*

ARTICLE 17.00 SIGNATURES

SIGNED: this 8 day of March, 2013

LANDLORD

Memphis Investments, a Wisconsin Limited  
Liability Company

By: [Signature]

Name: Roy N. Cook

Its: Member

TENANT

VCPHCS I, LLC, a Delaware  
limited liability company

By: [Signature]

Name: Robert W. Schmitz

Its: CFO

# ACKNOWLEDGEMENTS FOR LANDLORD AND TENANT

STATE OF WISCONSIN

COUNTY OF MILWAUKEE

BEFORE ME, the undersigned Notary Public in and for the State and County of aforesaid, personally appeared Roy N. Cook with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the member of Memphis Investments, LLC the within named bargainor, a Wisconsin limited liability company, and that he as such member executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such member.

WITNESS my hand and Official Seal at office, this 12<sup>th</sup> day of March 2013

Notary Public  
*Heidi M. Mohr*  
My Commission Expires:  
5/01/2016



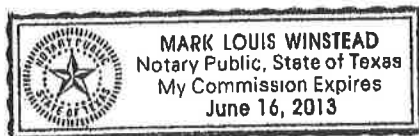
STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned Notary Public in and for the State and County of aforesaid, personally appeared Robert W. Schaefer with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged Himself to be the CFO of VCPHCS I, LLC, a Delaware limited liability company the within named bargainor, and that he as such member executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as such member.

WITNESS my hand and Official Seal at office, this 21<sup>st</sup> day of February 2013

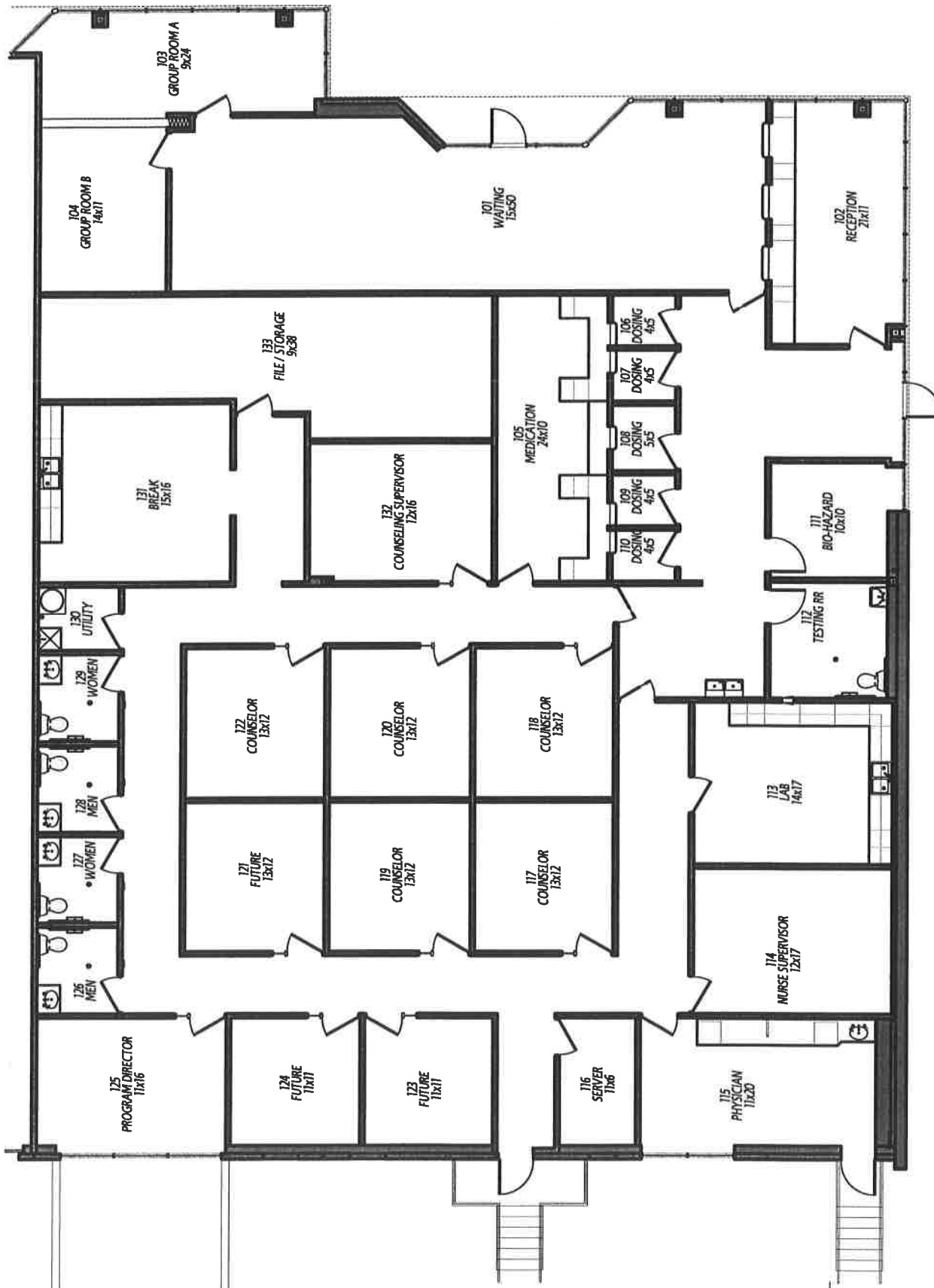
Notary Public  
*Mark Louis Winstead*  
My Commission Expires  
6/16/2013



### **B.III.--Plot Plan**



## **B.IV.--Floor Plan**



Hope • Respect • Caring

Behavioral Health Group • 4539 Winchester Road • Memphis Tennessee

**C, Need--1.A.3.e.**  
**Medical Director Qualifications**



Date of Preparation: January 2013

## **CURRICULUM VITAE**

**NAME:**

Richard Guerard Farmer, M.D.  
Clinical Professor of Psychiatry  
University of Tennessee  
Health Science Center

**ADDRESS:**

Richard G. Farmer, M.D.  
1355B Lynnfield Road Ste 158  
Memphis, TN 38119

**MARITAL STATUS:**

Susan D. Labovitz

**CHILDREN:**

Terre Farmer Cabellon  
Richard G. Farmer, Jr.  
David W. Farmer  
James B. Farmer

**TAX IDENTIFICATION #:**

30-0291175

**EDUCATION:**

**Undergraduate:**

University of Tennessee, Knoxville, TN, September 1954-March 1957;

Bachelor of Science awarded December 18, 1958

(awarded at UT College of Medicine, Memphis).

**Graduate/Medical School:**

University of Tennessee College of Medicine, Memphis, TN,

Richard G. Farmer, M.D.

**Graduate/Medical School (continued):**

March 1957-June 1960; Medical Degree awarded June 1960.

**Internship:**

Rotating (Medical/Surgical Type); National Naval Medical Center, Bethesda, MD; July 1960-June 1961.

**Residencies:**

Psychiatry; U.S. Naval Hospital, Oakland, CA; February 1964-January 1965.

Psychiatry; the University of Tennessee; Memphis, TN; October 30, 1966-November 1968.

**PRESENT ACTIVITIES:**

Awarded Clinical Professorship at University of Tennessee Health Science Center. Start date: July 2003.

Course Instructor at the University of Tennessee College of Medicine. Start date: July 2004.

Private practice of Psychiatry and Addictionology with emphasis in the use of newer psychopharmacological agents. Start date: October 2003.

Use of Buprenorphine in the Pharmacologic Management of Opioid Dependence. Start date: October 2003.

**MILITARY SERVICE:**

General Medical Officer and Submarine Medical Officer aboard the USS Bushnell AS-15, Key West, FL; 1 July 1961-10 August 1962.

Fellow (Postgraduate) in Neurology & Psychiatry, at the U.S. Naval Hospital, National Naval Medical Center, Bethesda, MD: August 1, 1962 ( 1 year).

Head, Neuropsychiatry Branch, Department of Medicine, U.S. Naval Hospital, Pensacola,

Richard G. Farmer, M.D.

**MILITARY SERVICE (continued):**

FL, and Staff Psychiatrist, U.S. Naval School of Aviation, Pensacola, FL; August 1963-January 1964.

Head, Neuropsychiatry Branch, Department of Medicine, U.S. Naval Hospital, Newport, RI; February 1, 1965-October 20, 1966.

Honorable Discharge; October 20, 1966.

**BOARD CERIFICATION:**

Diplomat, American Board of Psychiatry and Neurology, Inc.; February 1970.

**MEDICAL LICENSURE:**

Tennessee State Board of Medical Examiners License No. MD 03897, September, 1960.

**SOCIETY MEMBERSHIPS:**

American Medical Association, Member September, 1960 to 2003.

American Psychiatric Association, General Member May 1974 to present.

American Association of Suicidology.

American Association of Chairs of Departments of Psychiatry to 2003.

American Society of Clinical Psychopharmacology.

NAMI, National Associate Professional Member.

American Academy of Addiction Psychiatry.

Richard G. Farmer, M.D.

**UNIVERSITY APPOINTMENTS:**

Medical Director, Memphis Center for Research and Addiction Treatment, September 1, 2003 to Present.

Professor, Department of Psychiatry, University of Tennessee Health Science Center, Memphis, awarded July 1, 2003.

Member, Admissions Committee, University of Tennessee Health Science Center, Memphis, College of Medicine, July 1, 1992-May 5, 1999 and July 1, 2003 to July 1, 2004.

Interim Chairman, Department of Psychiatry, University of Tennessee Health Science Center, College of Medicine; July 2000-October 31, 2002.

Master Clinician, Longitudinal Community Program, University of Tennessee Health Science Center, Memphis, College of Medicine; August 1999-2001.

Associate Professor with Tenure, Department of Psychiatry, University of Tennessee Health Science Center Memphis July 1993 and promotion to Professor of Psychiatry June 30, 2003.

Director, Student Mental Health Services, University of Tennessee Health Science Center, Memphis, College of Medicine; September 1, 1989-2003.

Director, Division of Outpatient Services, Department of Psychiatry, University of Tennessee, Memphis, College of medicine, 1988-2004.

Assistant Professor, University of Tennessee, Memphis, College of Medicine; September 1988-June 1993.

Clinical Associate Professor of Psychiatry, University of Tennessee, Memphis, College of Medicine; July 1973-July 1975.

Clinical Assistant Professor, University of Tennessee, Memphis, College of Medicine; November 1968-March 1970.

**HOSPITAL APPOINTMENTS:**

The Regional Medical Center, The University of Tennessee, Memphis (Consulting staff) to retirement from the university.

Richard G. Farmer, M.D.

**HOSPITAL APPOINTMENTS (continued)**

Baptist Memorial Hospital (Consulting staff) until retirement.

Bowld Hospital, The University of Tennessee, Memphis to retirement.

St. Francis Hospital, Memphis (Consulting staff) August 1988 to July 2004.

**PRACTICE (PROFESSIONAL) EXPERIENCE:**

President, Medical Staff, University of Behavioral Health Center, Memphis, TN, July 1995-July 1998.

Concurrent with faculty appointment at the University of Tennessee, Memphis since 1988, member of the University of Tennessee Faculty Practice Plan.

President, Medical Staff, Eden Hospital and Medical Center, Castro Valley, CA, July 1987-1988.

Chief, Department of Psychiatry, Eden Hospital and Medical Center, Castro Valley, CA, July 1984-1985 and July 1986-1987

Clinical Faculty, Department of Psychiatry, Pacific Presbyterian Medical Center, San Francisco, CA, July 1, 1977-July 30, 1988

Private Practice of General Psychiatry, San Francisco, CA, July 1, 1975-August 1, 1988

President, Medical Staff, University Behavioral Health Center, Memphis, TN, July 1995-July 1998

Concurrent with faculty appointment at the University of Tennessee, Memphis since 1988, member of the University of Tennessee faculty practice plan

President, Medical Staff, Eden Hospital and Medical Center, Castro Valley, CA, July 1987-1988

Clinical Faculty, Department of Psychiatry, Pacific Presbyterian Medical Center, San Francisco, CA, July 1, 1977-July 30, 1988

Private Practice of General Psychiatry, San Francisco, CA, July 1, 1975-August 1, 1988

**OTHER APPOINTMENTS:**

Member, Board of Trustees, Memphis Mental Health Institute, Memphis, TN July 2000 to present

Examiner, American Board of Psychiatry and Neurology Chicago, IL; January 1998-May May 2003

**TEACHING EXPERIENCE:**

- (1) Clinical Supervisor to psychiatry residents (PGY-I-IV), academic year, 1-hour sessions September, 1988 to present
- (2) *Diagnosis and Treatment of Psychiatric Disorders*, 16 weeks, 1-12 hour sessions, instructor to PGY-I residents
- (3) Interviewing and Mental Status, 6 weeks, 1-1/2 hour sessions, instructor to PGY-I residents
- (4) Mood and Anxiety Clinic, academic year, 2 hour sessions, instructor to PGY-III residents
- (5) Psychotherapy Clinic, bi-monthly, 1 hour, to M-3 medical students
- (6) Oral examiner, bi-monthly, 1 hour, to M-3 medical students
- (7) Training faculty member for candidates of the oral boards for the American Board of Psychiatry and Neurology
- (8) Mentor, M-1 medical students (2); 2-hour weekly sessions
- (9) *Diagnosis and Treatment of Advanced Psychiatric Disorder*, The Regional Medical Center; 2-hour weekly session, instructor to M-3 medical students from January 2002 to May 2002
- (10) Regular supervision of Intake/Triage evaluation and treatment plans for new patients; M-3 medical students from January 2002 to May 2002

Richard G. Farmer, M.D.

**COMMITTEES AND OFFICES:**

Member, Board of Trustees, Memphis Mental Health Institute, Memphis, TN

Member, American Society of Clinical Psychopharmacology, Inc., New York, NY;  
September 2002 to present.

Member, American Association of Chairs of Departments of Psychiatry, Farmington, CT  
2001, 2002.

Member, Residency Training Committee, Department of Psychiatry, The University of  
Tennessee Health Science Center, College of Medicine, Memphis, TN, September 1998-  
June 2000 and October 2002 to present

Member, Medical Staff Executive Committee, University Behavioral Health Center,  
Memphis, TN, July 1996-1998

Member, Patient Assessment & Treatment Team, University Behavioral Center,  
Department of Psychiatry, The University of Tennessee, College of Medicine, Memphis,  
TN, July 1995-1997

Member, Medical and Scientific Advisory Council, The Mid-South Chapter, Alzheimer's  
Association, Memphis, TN. July, 1998 to July 2000

Member, Graduate Medical Education Committee, Baptist Memorial Hospital,  
Memphis, TN; July 1992 to July 1995

Member, Student Health and Advisory Committee, University of Tennessee Center for  
The Health Sciences, Memphis, TN, 1989-Present

Chairman, Outpatient Services Committee, Department of Psychiatry, The University of  
Tennessee, College of Medicine, Memphis, TN.

Chairman, Practice Committee, Department of Psychiatry, The University of Tennessee,  
College of Medicine, Memphis, TN.

Member, Admissions Committee, University of Tennessee, College of Medicine,  
Memphis, TN, September, 1991-August 1998.

Acting Director, Residency Training Program, The University of Tennessee, Memphis,  
TN, January 1, 1991-March 1, 1992.

Chairman, Executive Committee, Department of Psychiatry, The University of

Richard G. Farmer, M.D.

Tennessee, College of Medicine, Memphis, TN.

Chairman, Department of Psychiatry, Professional Services AMA/HFCA

Compliance Committee UT Medical Group Medicare Compliance Corporate Committee, Memphis, TN. July, 1995 to October, 2002

Member, Numerous hospital committees of Eden Hospital and Medical Center, Castro Valley, CA, July 1975-1988.

Founder, Medical Consultant and Instructor, Suicide and Crisis Intervention Service of Memphis, Memphis, TN, May 1970 to present.

#### **BOOK REVIEWS:**

Post-Traumatic Stress Disorder, Diagnosis, Management and Treatment, Martin Dunitz Limited, 2000, David Nutt, DM, MRCP, FRCPsych, Jonathan Davidson, M.D. and Joseph Zobar, M.D., for The Journal of Clinical Psychiatry.

Behavior and Mood Disorders in Focal Brain Lesions, Cambridge University Press, 2000, Julian Bogaslovsky and Jeffrey L. Cummings, for The Journal of Clinical Psychiatry.

Psychological Trauma, Review of Psychiatry Series, Vol. 17, American Psychiatric Press, Inc., 1998, for The Journal of Clinical Psychiatry.

The Anatomy of Psychotherapy, The Analytic Press, August 1988, for The Journal of Clinical Psychiatry.

#### **PRESENTATIONS:**

Behavior in a Psychiatric ER: A Review and Experiences at One ER. Annual Courses for Family Practice Physicians, 1998-2000.

Annual Course at the International Orthopedic Knee and Trauma Symposia, Barcelona, Spain, 1998-1999.

Presentations regarding psychosomatic disorders in orthopedic patients at the Department of Orthopedics, Medisch Centrum Alkmaar, The Netherlands, 1998-1999.



**PRESENTATIONS (continued):**

Brown CS, Ling FW, Farmer RG. Efficacy of Depot Leuprolide in PMS as a Function of Serotonin and Symptom Type. Presented at the 43<sup>rd</sup> Annual Meeting of the American

College of Obstetricians and Gynecologists accepted for publication in American Journal of Obstetrics-Gynecology, May 1994.

Brown CS, Ling, FW, Chesney, CM, Farmer RG. History and Biology Predict LLPDD Subtypes. Presented at the 144<sup>th</sup> Annual Meeting of the American Psychiatric Association, New Orleans, LA, May 1991.

Farmer, RG. New Managements in Suicide and Homicide. Presented at the Department of Psychiatry, University of New York, England, September 15-18, 1983

Farmer, RG. A rating Scale for Crisis Center Volunteers. Presented at the International Suicidology Meeting, Helsinki, Finland, June 1977.

**PUBLICATIONS (RESEARCH IN PROGRESS):**

"Somatoform Disorders In Candidates for Total Knee Replacement."

Participating psychiatrist in the Hormone Replacement Therapy Trial of the Women's Health Initiative (Department of Preventive Medicine). (Finished and published 2002)

"Psychosomatic Disorders in Orthopedic Patients."

"Family Relationships of Adults with Borderline Personality Disorder" (with David Allen, M.D.) (Finished and published, 2003)

"Incidence of PTSD in a Private Outpatient Practice."

"Comparison of Aripiprizole with Other Novel Antipsychotics," Under preparation for Amer. J. Psychiatry."

"Establishment of a Collaborative Care Center for Local Communities." A follow-up study of "The President's New Commission on Mental Health."

**PUBLICATIONS:**

Brown, CS, Farmer, RG, Soberman, J. Cardiovascular Effects of Atypical Antipsychotics, January, 2004, *Journal of Pharmacokinetics*

Farmer, RG, Brown, CS, Soberman, J. Prolongation of the QTc Interval of the ECG by Novel Antipsychotics, for submission for publication in the *J. Clinical Psychiatry*. Under review.

Brown CS, Ling FW, Andersen RN, Farmer RG, Arheart KL. Efficacy of Depot Leuprolide in Premenstrual Syndrome: Effect of Symptom Severity and Type in a Controlled Trial *Obstetrics & Gynecology*, 1994, No. 5 (November), Vol. 84, pp. 779-786.

Allen, DM, Farmer RG. Family Relationships of Adults with Borderline Personality Disorder. *The Journal of Comprehensive Psychiatry*, 1996, Vol. 37, No. (January/February), pp. 43-51.

Brown CS, Ling FW, Farmer RG, Stone BF. Buspirone in the Treatment of Premenstrual Syndrome. *Drug Therapy*, pp. 112-129, August 1990.

Farmer, RG. Compendium of Drug—Drug Interactions in Psychiatry. January 1975 (Monograph for use by the University of Tennessee).

Farmer, RG. The Need for Psychotherapy—A Case Against Psychiatric Hospitalization, *Medical Tribune*, February 1970.

Farmer, RG. Establishing a Therapy Community. *Journal of the Tennessee Medical Association*. Vol. 62, No. 10, October 1969, pp. 923-27.

Farmer, RG. Values and Personal Style in Psychotherapy. *Psychotherapy: Theory, Research and Practice*, Spring 1969.

Farmer, RG. Providing Milieu Therapy in a Military Setting. *Journal of Hospital and Community Psychiatry*, September 1968.

Renewal No.  
773151

State of Tennessee  
Division Of Health Related Boards

8361709  
License No.  
MD0000003897

This Certifies that  
RICHARD G FARMER, MD  
whose credentials have been approved by the:  
BOARD OF MEDICAL EXAMINERS  
has fulfilled all requirements for renewal and registration as  
required by the Tennessee Code Annotated and is a duly  
authorized: MEDICAL DOCTOR  
in the State of Tennessee through JANUARY 31, 2015



*Rosemarie OHO*  
DIRECTOR, HEALTH RELATED BOARDS

FARMER, RICHARD GUERARD MD  
1355 LYNNFIELD ROAD  
SUITE 158  
MEMPHIS, TN 38119-0000-000



DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
AF6719631	09-30-2015	\$731
XF6719631		
SCHEDULES	BUSINESS ACTIVITY	ISSUE DATE
2,2N, 3,3N,4,5,	PRACTITIONER-DW/100	08-20-2012
FARMER, RICHARD GUERARD MD 1355 LYNNFIELD ROAD SUITE 158 MEMPHIS, TN 38119-0000		

**CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE**  
UNITED STATES DEPARTMENT OF JUSTICE  
DRUG ENFORCEMENT ADMINISTRATION  
WASHINGTON D.C. 20537

Sections 304 and 1008 (21 USC 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

**THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IT IS NOT VALID AFTER THE EXPIRATION DATE.**

**CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE**  
UNITED STATES DEPARTMENT OF JUSTICE  
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WASHINGTON D.C. 20537

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<b>Title</b>	Medical Director	Revised March 2010
<b>Department(s)</b>	Medical	
<b>Reports to</b>	Program Director / Regional Manager / Corporate Medical Director	

### **Job Summary**

The Medical Director supervises the medical operations of the Opiate Treatment Program and is medically responsible for all patients enrolled in the treatment program, to include special populations (e.g., pregnant patients, HIV+, patients with Hepatitis C, patients with co-occurring disorders). The Medical Director must be able to assess individuals applying for admission as well as the physical and mental stability for outpatient substance abuse treatment. The Medical Director will adhere to federal and state regulations, accreditation standards and BHG policy and procedures. The Medical Director will perform duties within the scope of his/her licensure.

### **Summary of Essential Job Functions**

#### **❖ Core Duties and Responsibilities**

- Ensure the timely completion of admission physicals, annual physicals, medical histories, laboratory testing (including TB screening) consistent with state and federal regulations, accreditation standards and sound medical practice
- Review all laboratory results as well as medical documentation from other healthcare providers and manage each patient according to established best practice and accrediting and regulatory guidelines
- Screen patients for common medical co-morbidities and evaluate co-existing medical conditions to identify potential medication impact/drug interactions, to include over-the-counter (OTC) medications
- Prescribe and titrate the appropriate dosage of methadone or suboxone consistent with the patient's medical and addiction history to establish a maintenance dose
- Order dose increases, decreases, detoxification, or supervised withdrawal after assessment of the patient and his/her current treatment history

❖ **Core Duties and Responsibilities, (con't.)**

- Write medical orders based upon the individual needs of the patient and sign off on all medical orders within 72 hours. Review medical therapy and document those activities in the patient's chart
- Whenever necessary, provide or coordinate pharmacotherapy services to those patients who demonstrate need
- Whenever necessary, collaborate and coordinate care with other physicians, clinics or hospitals participating in the treatment of program patients
- Provide the medical input into overall treatment program philosophy, treatment services, and patient care
- Provide consultation to medical, clinical, and administrative staff in formulation and implementation of each patient's medical treatment
- Solicit feedback from clinical and administrative staff regarding patient requests and changes in patient behavior
- As requested, conduct in-service training and community education (participate in and periodically lead community consultation and mental health education as it relates to substance abuse)
- Assist in developing affiliations and collaborative relationships with community based medical providers
- Ensure that each patient receives adequate services addressing communicable diseases, including risk evaluation, clinically appropriate testing, and appropriate counseling related to testing
- Ensure treatment center meets all accreditation standards related to include medical, health, and safety issues, and other areas as assigned
- Provide medical training and supervision as related to Opioid Treatment for physicians and nurse practitioners where applicable working at the clinic
- Provide medical supervision and maintain records for Nurse Practitioner as required by state law
- Participate in peer reviews for BHG Medical Directors and/or Program Physicians as requested to comply with accrediting agency requirements.
- Provide input to Program Director on medication nurses' annual performance evaluation on the medical aspects of their position, when required to comply with accrediting agency requirements.
- Ensure 24 hour per day availability to respond in a timely manner to treatment center staff and emergency care providers when they require consultation for one of the program's patients.
- Responsible for the achievement of assigned treatment center specific annual goals and objectives
- Implementation and enforcement of the BHG's Code of Ethics and Conduct

❖ **Core Duties and Responsibilities, (con't.)**

- Ensure that medical responsibility is covered during his/her absence. When he/she is unavailable, it is the responsibility of the Medical Director to designate another physician, to be approved by the Corporate Medical Director or, in his/her absence, by the Director of Compliance and Quality Assurance, who will act as Medical Director in his/her temporary absence. This approved designee will ensure a 24-hour per day response to treatment center team and emergency care providers when they require consultation for one of the program's patients
- Responsible for periodically conducting training and mentoring of medical staff and the treatment team regarding treatment best practices
- Responsible for providing mentoring and guidance by active participation in scheduled treatment team sessions

❖ **Regulatory**

- Comply with all federal, state, and local regulatory agency requirements
- Comply with all accrediting agency requirements
- Comply with the organization's policy and procedure regarding the Licensed Independent Practitioner (LIP) credentialing process
- Report to the Corporate Medical Director and Director of Compliance and Quality Assurance any complaints, litigation, or any potential litigation related to his or her role as Medical Director at the treatment center
- Report to the Corporate Medical Director and Director of Compliance and Quality Assurance any investigations pending or ongoing related to his/her licensure

❖ **Training**

- Participate in all trainings as required by federal, state, local and accrediting agencies

**Minimum Requirements**

The Medical Director must hold a valid, active State medical license with current State controlled substance registration and federal DEA certificate, and provide documentation of renewal on or before expiration date. In addition to meeting the qualifications, the ideal candidate will embody the following characteristics and possess the knowledge, skills and abilities listed below:

- ❖ High integrity
- ❖ Excellent verbal and written communication skills
- ❖ Sound judgment
- ❖ Effective and timely decision-making
- ❖ Efficient
- ❖ Self-starter
- ❖ Good at identifying issues, formulating long-term solutions, and solving problems
- ❖ Demonstrated knowledge of ethical standards
- ❖ Demonstrate basic computer/word processing skills
- ❖ Demonstrate basic knowledge and skill in the use of typical office equipment
- ❖ Organize time and responsibilities to meet workload requirements

**Physical Requirements and Working Conditions**

- ✦ Speaking and hearing ability sufficient to communicate effectively by phone or in person at normal volumes.
- ✦ Vision adequate to read correspondence, computer screen, forms, etc.
- ✦ Be able to sit or stand for long periods of time, some bending, stooping, and stretching
- ✦ Variable workload, periodic high stress and activity level
- ✦ Interactions with patients who may be ill, have infectious diseases, have mental health diagnoses and/or are involved in the criminal justice system
- ✦ Standard medical office conditions and environments

**Disclaimer**

The above statements are intended to describe the general nature and level of work being performed by team members assigned to this classification. They are not to be construed as an exhaustive list of all responsibilities, duties, and skills required of team members so classified. All team members may be required to perform duties outside of their normal responsibilities from time to time, as needed.

REHARD G. FARMER, M.D.  
Medical Director Name Printed

[Signature]  
Medical Director Signature

05/04/10  
Date

DEBBIE CROWLEY  
Regional Manager Name Printed

Debbie Crowley  
Regional Manager Signature

05/05/10  
Date

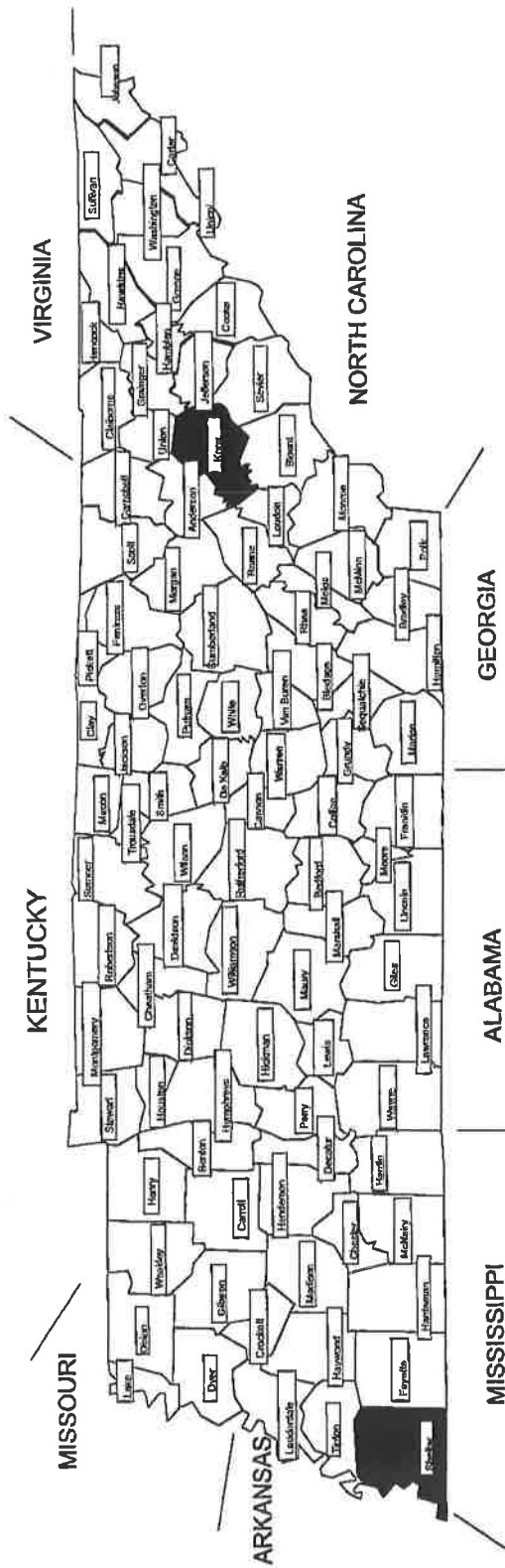
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[Signature] 7/18/12



**C, Need--3**  
**Service Area Maps**

# Tennessee Opioid Treatment Clinics



**Shelby (Memphis)**  
 ADC Recovery & Counseling Center  
 3041 Getwell, Suite 101  
 Memphis, TN 38118  
 (901) 375-1050  
 Hours of Operation M-F 5a-1:30p; Sat 6a-9a  
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a

**Memphis Center for Research & Addiction**  
 1270 Madison Ave  
 Memphis, TN 38104  
 (901) 722-9420  
 Hours of Operation M-F 5:45a-2p; Sat 6a-9a  
 Dosing Hours M-F 5:45a-1p; Sat 6a-9a

**Raleigh Professional Associates**  
 2960-B Austin Peay Hwy  
 Memphis, TN 38128  
 (901) 372-7878  
 Hours of Operation M-F 5a-1p; Sat 6a-2p  
 Dosing Hours M-F 5a-9a; Sat 6a-10a

**Dyer (Dyersburg)**  
 Midlands Treatment Center  
 640 Hwy 51 Bypass 3, Suite M  
 Dyersburg, TN 38024  
 (731) 285-6535  
 Hours of Operation M-Sat 5a-11a  
 Dosing Hours M-F 5a-11a; Sat 6a-10a

**Madison (Jackson)**  
 Jackson Professional Associates  
 1869 Hwy 45 Bypass, Suite 5  
 Jackson, TN 38305  
 (731) 660-0880  
 Hours of Operation M-F 5a-1p; Sat 6a-2p  
 Dosing Hours M-F 5a-1p; Sat 6a-2p

**Henry (Paris)**  
 Paris Professional Associates  
 2555 East Wood Street  
 Paris, TN 38242  
 (731) 641-4545  
 Hours of Operation M-Sat 5a-1p  
 Dosing Hours M-Sat 5a-1p

**Hardin (Savannah)**  
 Solutions of Savannah  
 85 Harrison Street  
 Savannah, TN 38372  
 (731) 925-2767  
 Hours of Operation M-Sat 5:30a-12p  
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a

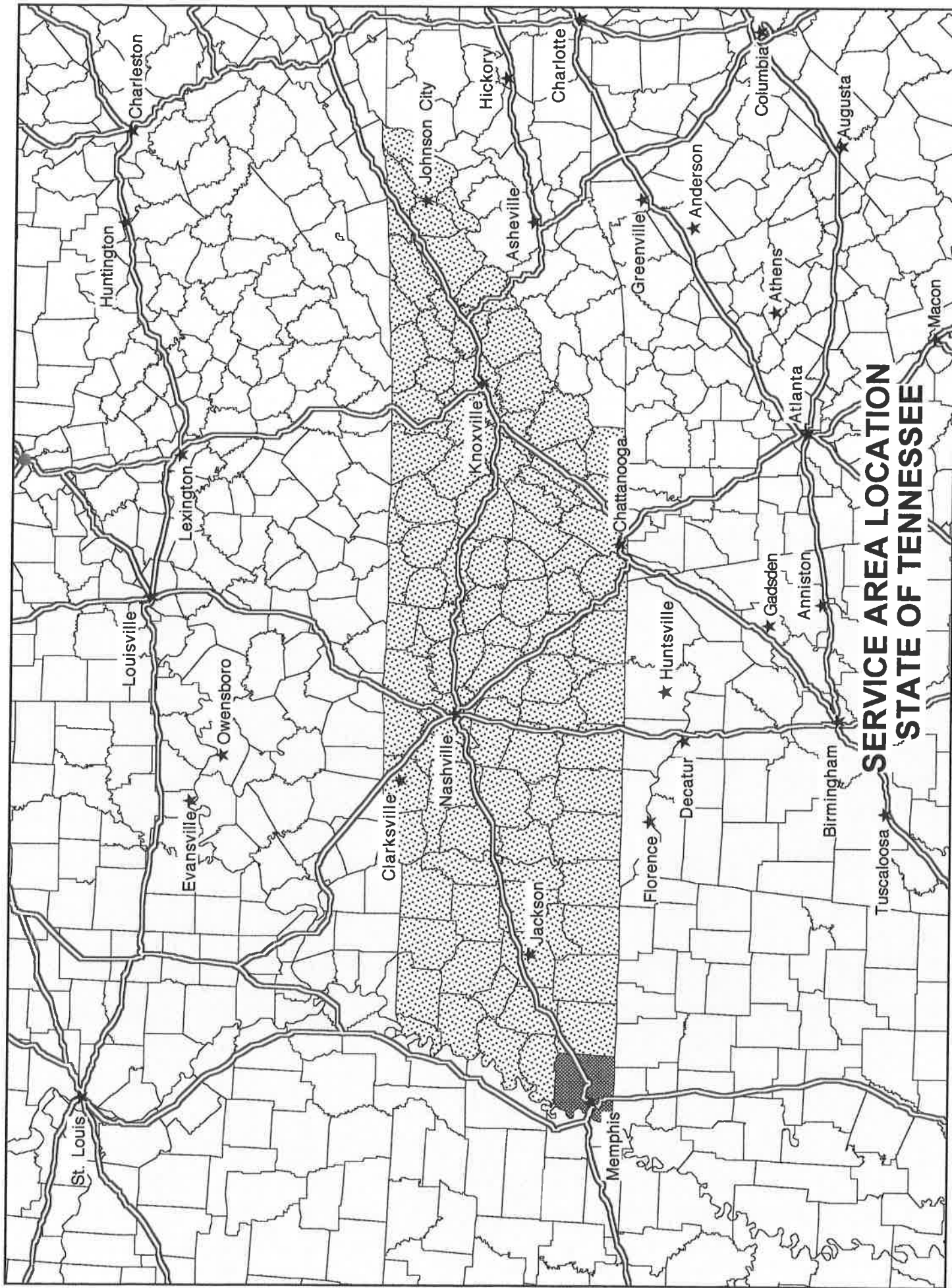
**Maury (Columbia)**  
 Recovery of Columbia  
 1202 South James Campbell Blvd.  
 Columbia, TN 38401  
 (931) 381-0020  
 Hours of Operation M-Sat 5:30a-11a  
 Dosing Hours M-F 5:30-11a; Sat 6a-9a

**Davidson (Nashville)**  
 Middle Tennessee Treatment Center  
 2410 Charlotte Avenue  
 Nashville, TN 37203  
 (615) 321-2575  
 Hours of Operation M-Sat 6a-1p  
 Dosing Hours M-F 6a-1p; Sat 6a-9a

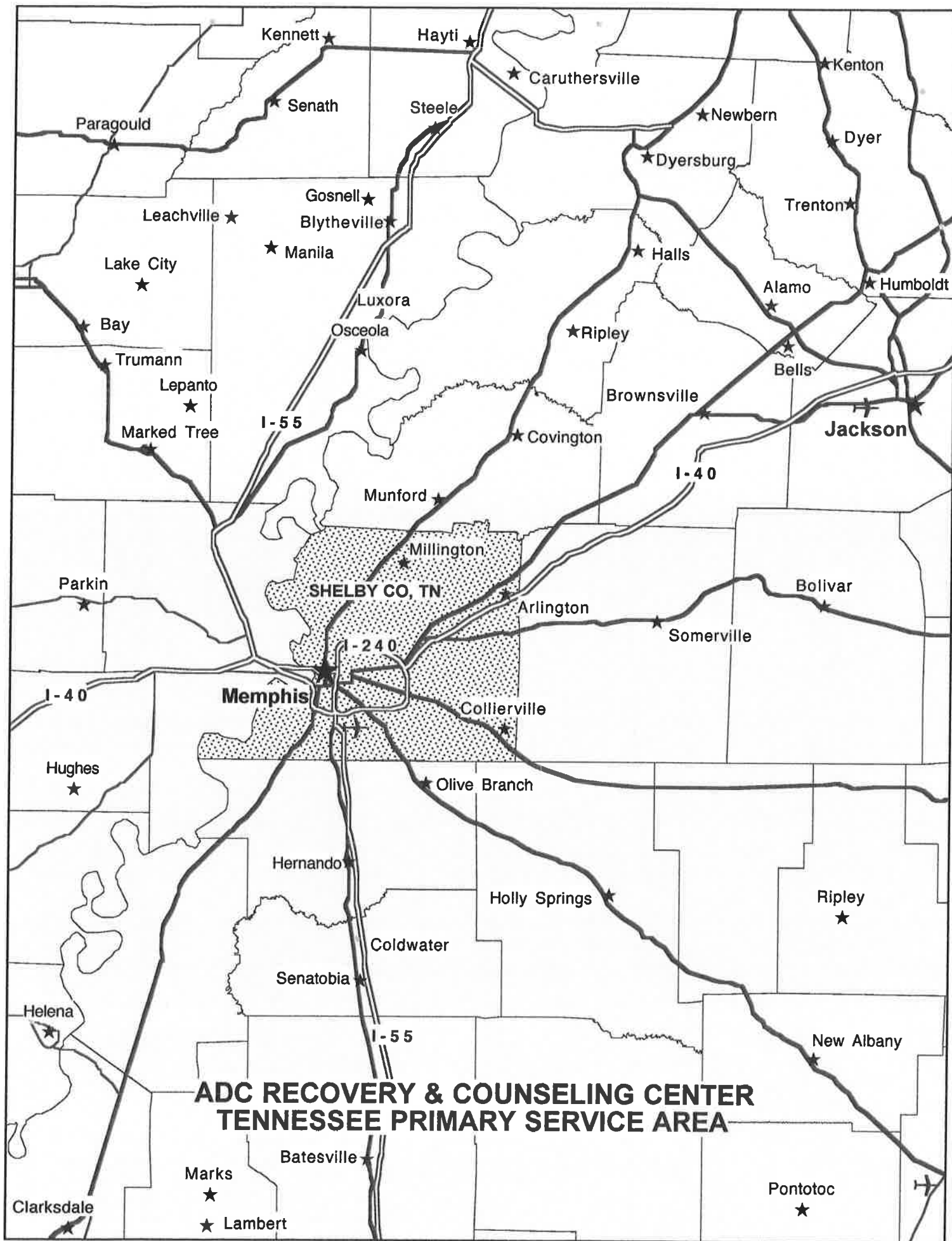
**Hamilton (Chattanooga)**  
 Volunteer Treatment Center, Inc.  
 2347 Rossville Blvd  
 Chattanooga, TN 37408  
 (423) 265-3122  
 Hours of Operation M-Sat 5:30a-2p  
 Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a

**Knox (Knoxville)**  
 DRD Knoxville Medical Clinic-Central  
 412 Citico Street  
 Knoxville, TN 37921  
 (865) 522-0661  
 Hours of Operation M-Sat 5:30a-2:30p  
 Dosing Hours 5:30a-11p; Sat 6a-9a

**DRD Knoxville Medical Clinic-Bernard**  
 626 Bernard Avenue  
 Knoxville, TN 37921  
 (865) 522-0161  
 Hours of Operation M-Sat 5:30a-2:30p  
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a



**SERVICE AREA LOCATION  
STATE OF TENNESSEE**

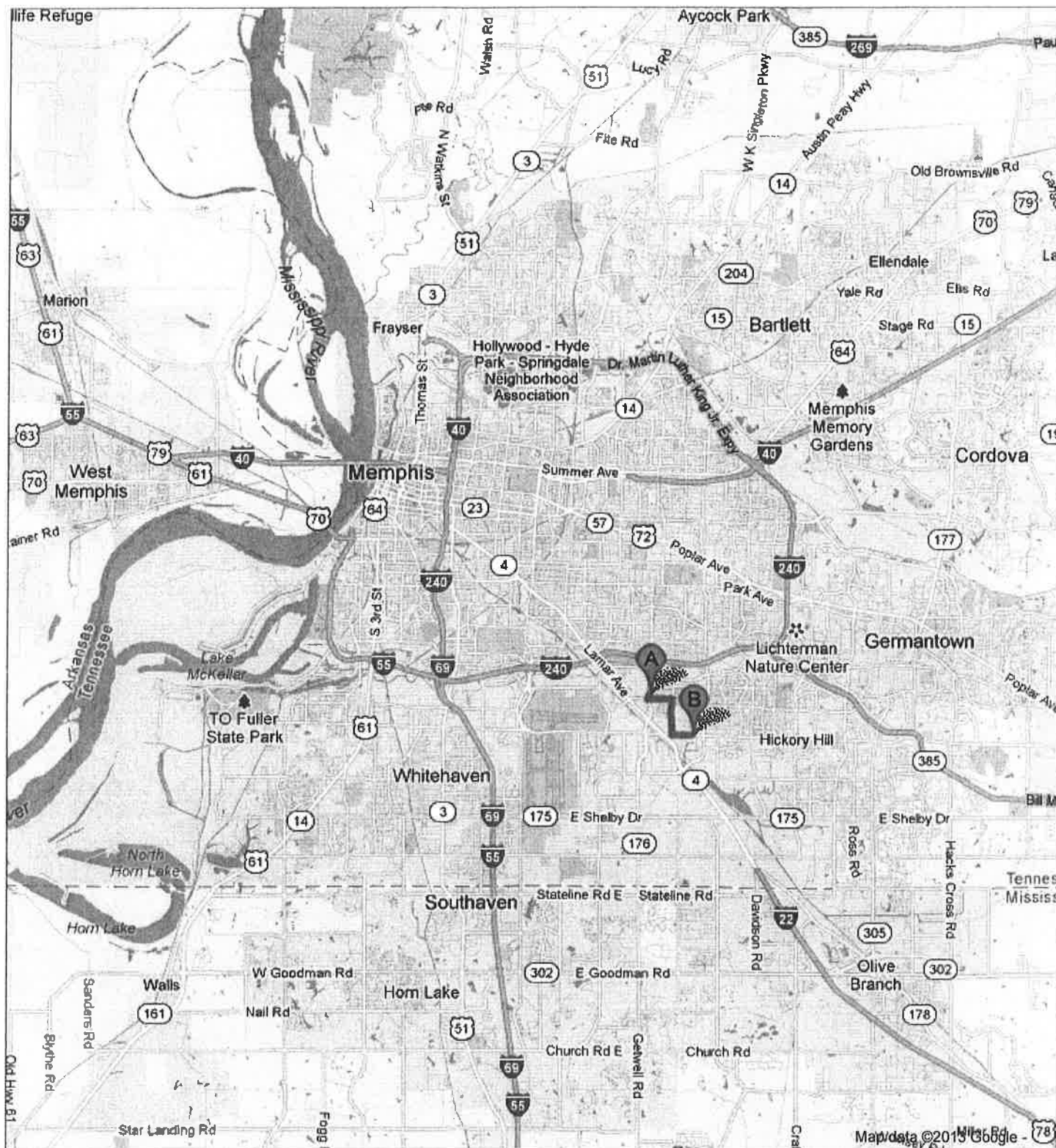


**ADC RECOVERY & COUNSELING CENTER  
TENNESSEE PRIMARY SERVICE AREA**

ADC

To see all the details that are visible on the screen, use the "Print" link next to the map.

Google

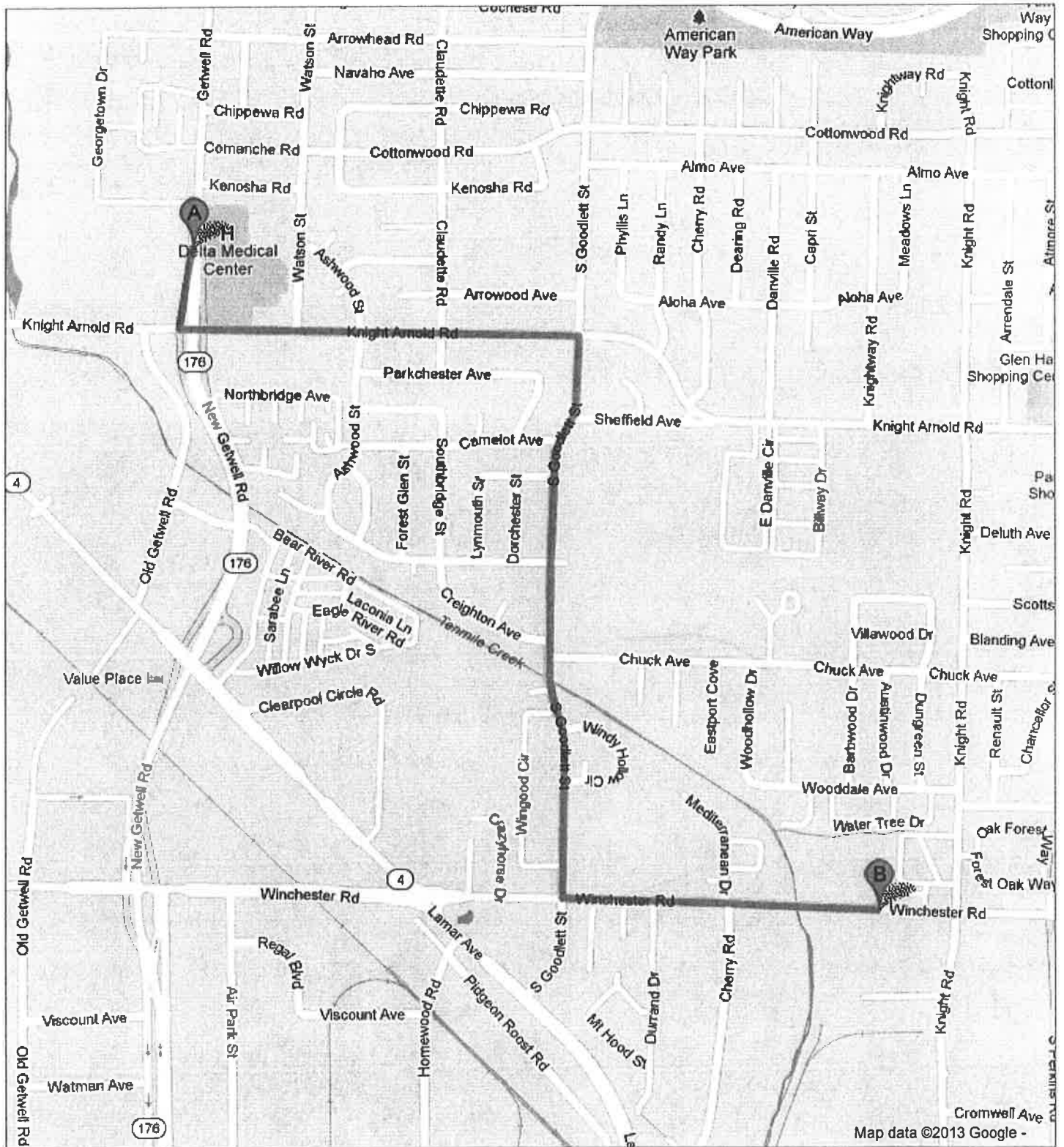




ADC

To see all the details that are visible on the screen, use the "Print" link next to the map.

Google



**C, Economic Feasibility--1**  
**Documentation of Construction Cost Estimate**

**C, Economic Feasibility--2**  
**Documentation of Availability of Funding**





Hope • Respect • Caring

8300 Douglas Avenue  
Suite 750  
Dallas, TX 75225  
214-365-6100  
[bhgrecovery.com](http://bhgrecovery.com)

May 13, 2013

Melanie M. Hill, Executive Director  
Tennessee Health Services and Development Agency  
Frost Building, Third Floor  
161 Rosa Parks Boulevard  
Nashville, Tennessee 37203

RE: VCPHCS I, LLC  
Certificate of Need Application to Change Location

Dear Ms. Hill:

VCPHCS I, LLC d/b/a ADC Recovery & Counseling Center is applying for a Certificate of Need to move to a new site in Memphis. This will require a capital expenditure estimated at approximately \$671,000.

The applicant LLC's only member is VCPHCS L.P., a limited partnership which does business as Behavioral Health Group (BHG). I am the President and Chief Operations Officer of Behavioral Health Group.

I am writing to confirm that VCPHCS I, LLC has sufficient cash assets to implement this project. The LLC's income statement and balance sheet are included in the application as documentation of its ability to provide project funding.

Sincerely,



James F. Draudt  
President & Chief Operating Officer

**C, Economic Feasibility--10**  
**Financial Statements**

**VCPHCS I, LLC***Balance Sheet as of March 30, 2013***ASSETS**

Cash on Hand	\$	23,308
Segregated Cash		
Accounts Receivable		-
Inter-company VCPHCS		1,834,805
Intercompany Appian		-
Intercompany DRD		88,281
Inventory		1,806
Prepaid Assets		17,089
Other Current Assets		-

Total Current Assets	\$	1,965,289
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**Non-Current Assets**

Investments DRD	\$	-
Investments In DRD Holdings		-
Investments-Appian		-
Investments-VCPHCS		-
Long Term Investments		-
Fixed Assets		38,997
Goodwill		354,425
Intangible Assets		261,424
Notes Receivable due LLC Subs and DRD Mgmts		-
Other Assets		5,857

Total Non-Current Assets	\$	660,703
--------------------------	----	---------

Total Assets	\$	2,625,992
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**LIABILITIES****Current Liabilities**

Accounts Payable	\$	8,670
Short Term Notes Payable		-
Current Portion of Capitalized Lease Obligation		-
Current Maturities of Long-term Debt		-
Inter-company Payables-DRD		103,824
Deferred Revenue		
Accrued Expenses		20,304
Accrued Taxes		(40,622)

Total Current Liabilities	\$	92,176
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**Long-term Debt**

Notes Payable due LLC Subs and DRD Mgmt	\$	-
Deferred Lease Liability		-
Deferred Income Taxes, Net		3,521

Long-Term Liabilities	\$	3,521
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Total Liabilities	\$	95,697
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**Treasury Stock**

Opening Balance	\$	411,920
Paid-in Capital		-
Prior Ownership Retained Earnings		-
Retained Earnings		2,061,822
Net Income YTD		56,553

Stockholders' Equity	\$	2,530,295
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Liabilities and Shareholder's Equity	\$	2,625,992
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**VCPHCS I, LLC**  
**Income Statement**  
**For the 12 Months Ended March 2013**

Revenue	\$ 1,195,979
Cost of Sales	465,695
Gross Profit	\$ 730,284
Operating Exp. - Clinics	240,396
EBITDA	\$ 489,888
Depreciation & Amortization	210,893
EBIT	\$ 278,995
Interest Income	\$ -
Interest Expense	176,858
Pre-Tax Income	102,137
Taxes	6,348
Net Income	\$ 95,789



Tel: 214-969-7007  
Fax: 214-953-0722  
www.bdo.com

700 North Pearl, Suite 2000  
Dallas, Texas 75201

May 13, 2013

Ms. Melanie Hill, Executive Director  
Tennessee Health Services and Development Agency  
Frost Building, Third Floor  
161 Rosa Parks, Boulevard  
Nashville, TN 37203

Dear Ms. Hill:

We have audited the consolidated financial statements of BHG Holdings, LLC, (BHG) (Parent Entity of VCPHCS LP) which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity and cash flows for the year ended December 31, 2012 and the period from June 30, 2011 (Inception) through December 31, 2011, and the related notes to the consolidated financial statements. In connection therewith, we issued an unqualified opinion dated March 27, 2013 on such consolidated financial statements.

These consolidated financial statements are the responsibility of BHG's management. As reflected in the consolidated balance sheet as of December 31, 2012, the cash balance is in excess of \$2.5 million and total assets as of December 31, 2012, is in excess of \$22.0 million.

Our audits of the consolidated financial statements as of December 31, 2012 and 2011, and for the year ended December 31, 2012 and the period from June 30, 2011 (Inception) through December 31, 2011 comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such consolidated financial statements taken as a whole, and not on the individual account balances or totals referred to above.

Very truly yours,

*BDO USA, LLP*

**Behavioral Health Group**  
**Balance Sheet as of March 30, 2013**

**ASSETS**


Cash on Hand	\$	1,215,150
Segregated Cash		-
Accounts Receivable		257,164
Inter-company VCPHCS		-
Intercompany Appian		-
Intercompany DRD		-
Inventory		128,004
Prepaid Assets		958,711
Other Current Assets		294
<b>Total Current Assets</b>	<b>\$</b>	<b>2,559,323</b>
<b>Non-Current Assets</b>		
Investments DRD	\$	-
Investments in DRD Holdings		-
Investments-Appian		-
Investments-VCPHCS		-
Long Term Investments		12,500
Fixed Assets		4,857,934
Goodwill		94,849,082
Intangible Assets		10,859,606
Notes Receivable due LLC Subs and DRD Mgmts		-
Other Assets		1,220,746
<b>Total Non-Current Assets</b>	<b>\$</b>	<b>111,799,868</b>
<b>Total Assets</b>	<b>\$</b>	<b>114,359,191</b>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts Payable	\$	407,713
Short Term Notes Payable		-
Current Portion of Capitalized Lease Obligation		-
Current Maturities of Long-term Debt		396,339
Inter-company Payables-DRD		-
Deferred Revenue		-
Accrued Expenses		2,050,720
Accrued Taxes		(65,440)
<b>Total Current Liabilities</b>	<b>\$</b>	<b>2,789,332</b>
<b>Long-Term Liabilities</b>		
Long-term Debt	\$	53,989,360
Notes Payable due LLC Subs and DRD Mgmt		-
Deferred Lease Liability		16,836
Deferred Income Taxes, Net		596,732
<b>Total Long-Term Liabilities</b>	<b>\$</b>	<b>54,602,928</b>
<b>Total Liabilities</b>	<b>\$</b>	<b>57,392,260</b>
<b>Equity</b>		
Treasury Stock	\$	-
Opening Balance		-
Paid-in Capital		63,908,500
Prior Ownership Retained Earnings		-
Retained Earnings		(5,772,771)
Net Income YTD		(1,168,798)
<b>Stockholders' Equity</b>	<b>\$</b>	<b>56,966,931</b>
<b>Liabilities and Shareholder's Equity</b>	<b>\$</b>	<b>114,359,191</b>

2013 MAY 15 AM 11 43

**C, Orderly Development--7(C)**  
**TDH Inspection & Plan of Correction**


 <p>LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH</p>		<b>DATE OF NOTICE:</b> June 15, 2012		<b>NOTICE OF NON-COMPLIANCE TO:</b> (Licensee's Name & Address) VCPHCS I, LLC 5950 Sherry Lane, Suite 750 Dallas, TX 75225 Attn: Mr. James Draudt, Director/President and COO	
		PAGE 1 OF 1 PAGE(S)		<b>NAME AND ADDRESS OF TDMH OFFICE SENDING NOTICE:</b> West Tennessee Office of Licensure and Review 170 N. Main, 12 <sup>th</sup> Floor Memphis, TN 38103 Attn: Ms. Sandra H. Randle, West TN Licensure Surveyor	
<b>EVENT AND DATE RESULTING IN THIS NOTICE:</b> Unannounced Inspection June 14, 2012		<b>NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE:</b> ADC Recovery and Counseling Center 3041 Getwell Road, Building A, Suite 101 Memphis, TN 38118 A&D Non-Residential Opiate Treatment Facility		<b>YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN:</b> N/A	
<b>NOTICE TO LICENSEE:</b> Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the TDMH Office listed above.					

(Do Not Write in Space Below)			
REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	YOUR PLANNED DATE OF COMPLETION
	There were no deficiencies identified during this inspection. No response is required.		

<b>SIGNATURE OF TDMH REVIEWER OF P.O.C.</b>	<b>DATE OF REVIEW:</b>	<b>SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:</b>	<b>DATE OF SIGNATURE:</b>
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\*P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.) A=Approved. AE=Approved With Exception. RR=Rejected-Resubmit. RS=Rejected-Sanction.



 <p align="center"><b>LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM</b> STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES</p>		<b>DATE OF NOTICE:</b> January 23, 2013		<b>NOTICE OF NON-COMPLIANCE TO: (Licensee's Name &amp; Address)</b> VCPHCS I, LLC 5950 Sherry Lane, Suite 750 Dallas, TX 75225 Attn: Mr. James Draudt, Director/President and COO	
		PAGE 1 OF 4 PAGE(S)		<b>NAME AND ADDRESS OF TDMHSAS OFFICE SENDING NOTICE:</b> West Tennessee Office of Licensure and Review 170 N. Main, 12 <sup>th</sup> Floor Memphis, TN 38103 Attn: Ms. Sandra H. Randle, West TN Licensure Surveyor	
<b>EVENT AND DATE RESULTING IN THIS NOTICE:</b> SOTA Inspection November 26, 2012		<b>NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE:</b> ADC Recovery and Counseling Center 3041 Getwell Road, Building A, Suite 101 Memphis, TN 38118 A&D Non-Residential Opiate Treatment Facility			
<b>NOTICE TO LICENSEE:</b> Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the TDMHSAS Office listed above.		<b>YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN:</b> <b>February 6, 2013</b>			



(Do Not Write in Space Below)

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42-.01(41)	#1612, 1235, 342, 1304 – Client offered short/long term detox plan – not located within the chart.		We did acknowledge that our current forms did address this, but not directly. A form that specifically covers this (and will be completed with the patient during intake) is being prepared and will be ready by 1/28/13.	1/28/2013
42-.04(4)(f)	#1612 – Patient failed to show for counseling multiple times. Multiple notations of counselor attempt to contact patient. Patient was at the clinic during this time period multiple times to dose daily. Existing counseling notes did not document reasoning for absences.		We have assigned a team member to directly be responsible for calling all no shows that same day. This will help us stay on top of why patients are not showing. Also, training was conducted with counselors on the importance of keeping patients engaged in treatment. They were also trained to discuss with patient and/or add to the treatment plan if that patient misses several days of dosing and/or counseling. Counseling Supervisor will conduct monthly audits.	12/31/12

<b>SIGNATURE OF TDMHSAS REVIEWER OF P.O.C.</b> 		<b>SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:</b> 		<b>DATE OF SIGNATURE:</b> 3/4/2013
*P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.) A=Approved AE=Approved With Exception RR=Rejected-Resubmit RS=Rejected-Sanction				

<b>LICENSURE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM</b> (Continuation Page)	<b>DATE OF NOTICE:</b> January 23, 2013		<b>NOTICE OF NON-COMPLIANCE TO: (Licensee's Name)</b> VCPHCS I, LLC
	Page <u>2</u> of <u>4</u> Page(s)		<b>NAME OF FACILITY IN NON-COMPLIANCE:</b> ADC Recovery and Counseling Center

REFERENCE RULE NUMBER	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Reviewer Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42-.04(6a)	The local district attorney's office was not posted in the main public entrance.		This number is now posted on the opposite wall from where the surveyor had originally looked.	11/26/12
42-.05(5)(d)	#1612 - Group Counseling notes were generic and non-descript. Group counseling notes did not address patient's involvement in the group nor if progress, if any, had been made to meet goals in the patient's treatment plan.		The group note had check boxes for participation and affect, but no individuality for this patient. Training was conducted with counseling staff concerning individual group notes for each participant. Training was also conducted on adding group participation on the patient's treatment plan goals. Counseling Supervisor will conduct monthly audits to check these requirements.	12/31/12
42-.05(2)(a)1(viii)	#1612, 1235, 342, 1304 - Signed treatment options and detox rights were not located within the chart.		We did acknowledge that our current forms did address this, but not directly. A form that specifically covers this (and will be completed with the patient during intake) is being prepared and will be ready by 1/28/13.	1/28/13

<b>SIGNATURE OF TDMHSAS REVIEWER OF P.O.C.:</b> 	<b>DATE OF REVIEW:</b>
<b>SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:</b> 	<b>DATE OF SIGNATURE:</b> 3/4/2013

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	Page <u>3</u> of <u>4</u> Page(s)		<b>NAME OF FACILITY IN NON-COMPLIANCE:</b> ADC Recovery and Counseling Center

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42.06 (7)(a)9(iv)	#1612 – Procedures for medically supervised withdrawal in the event client is unable to pay was not located within patient chart.		We did acknowledge that our current forms did address this, but not directly. A form that specifically covers this (and will be completed with the patient during intake) is being prepared and will be ready by 1/28/13.	1/28/13
42-06(8)(a)	<p>#1612 – Only two urine drug screens results located within the chart, the admission drug screen on 8/21/12 and 11/13/12, both were illicit for opiates</p> <p>#342 – Patient had an illicit drug screen on 6/29/12 and repeat urine drug screen was not repeated until 7/17/12.</p> <p>#1304 – No urine drug screens were found in the chart for months of June of July. Urine drug screen on 9/18/12 and 10/5/12 were both illicit for marijuana.</p>		<p>#1612 – after patient was admitted the team member failed to change the patient to weekly screens in SAMMS. – We have since changed staffing in this area and training was conducted with new staff member to make sure this is changed on all admissions. This way SAMMS can schedule the drug screens randomly.</p> <p>#342 – patient had a drug screen on 6/26/12 + THC, then again on 7/2/12, 7/10/12, 7/17/12 8/10/12 all negative. At that time she went to monthly screening. These screens did appear in the SAMMS version, but the hard copies were not in the chart in the correct area. Counseling supervisor will conduct monthly audits for hard copies.</p> <p>#1304 – Patient was screened on 6/15/12 and 7/30/12 both negative results. Again, these screens were in the electronic file of the patient, but the hard copies were no in the chart. Staffing has been changed in this area and counseling supervisor will conduct monthly audits.</p>	12/31/12


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	A = Approved.

<b>SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:</b>  AE = Approved With Exception.	<b>DATE OF SIGNATURE:</b> 3/4/2013 RS = Rejected-Sanction.
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<b>LICENSEE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM</b> (Continuation Page)		<b>DATE OF NOTICE:</b> January 23, 2013		<b>NOTICE OF NON-COMPLIANCE TO: (Licensee's Name)</b> VCPHCS I, LLC
		Page <u>4</u> of <u>4</u> Page(s)		<b>NAME OF FACILITY IN NON-COMPLIANCE:</b> ADC Recovery and Counseling Center

REFERENCE RULE NUMBER 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
42-.06 (9)(a)6	Exception request to dose at 130 mg was denied with further instructions to have patient dose daily and repeat COWS assessment and resubmit back to the state prior to Friday dosing. No documentation of COWS assessment or follow-up sent to the state. During exit interview it was explained the patient had a transportation issue preventing fulfillment of the request. No documentation of patient hardship communicated with the state.		Training will be conducted with staff concerning request from the State. Any request from the state will need to show documentation that a response was sent back to the State to acknowledge the request. (i.e. request fulfilled or hardship, etc)	1/31/13

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	3/4/2013

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The Joint Commission

VCPHCS I LLC dba ADC Recovery Counseling Center  
3041 Getwell Road, Bldg A, Ste 101  
Memphis, TN 38118

**Organization Identification Number: 505739**

**Program(s)**

Behavioral Health Care Accreditation

**Surveyor(s) and Survey Date(s)**

Gale B. Levesque, PhD - (03/24 - 03/25/2011)

**Executive Summary**

As a result of the survey conducted on the above date(s), the following survey findings have been identified. Your official report will be posted to your organization's confidential extranet site. It will contain specific follow-up instructions regarding your survey findings.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

## The Joint Commission Summary of Findings

### INDIRECT Impact Standards:

<b>Program:</b>	Behavioral Health Care Accreditation Program		
<b>Standards:</b>	CTS.03.01.09		EP1
	HR.02.01.03		EP8

## The Joint Commission Findings

**Chapter:** Care, Treatment, and Services  
**Program:** Behavioral Health Care Accreditation  
**Standard:** CTS.03.01.09  
**Standard Text:** The organization assesses the outcomes of care, treatment, or services provided to the individual served.  
**Primary Priority Focus Area:** Assessment and Care/Services

**Element(s) of Performance:**

1. The organization monitors the individual's progress in achieving his or her care, treatment, or service goals.



**Scoring Category :C**

**Score :** Partial Compliance

**Observation(s):**

EP 1

Observed in Individual Tracer at VCPHCS I, LLC d.b.a. ADC Recovery & Counseling Center (3041 Getwell Road, Bldg. / Suite 101, Memphis, TN) site.

The clinical record of one client did not contain a treatment plan review that documented the client's progress in meeting all of the active goals and objectives that were identified in the treatment plan. A review of the monthly progress notes that were written during the six month interval between scheduled treatment plan updates/reviews indicated that none of the the progress notes addressed the client's progress related to one or more of the identified goals/objectives. Subsequently, the documentation did not support the continuance of the goal in the next revision of the treatment plan.

Observed in Individual Tracer at VCPHCS I, LLC d.b.a. ADC Recovery & Counseling Center (3041 Getwell Road, Bldg. / Suite 101, Memphis, TN) site.

The scheduled six month review a second client's treatment plan, that was reviewed during tracer active,y did not address all of the active goals/objectives in the treatment plan. Six of nine progress notes that were written during the interval separating the treatment plan reviews/updates dealt primarily with an event that occurred during treatment and the remaining notes did not consistently relate to identified issues in the treatment plan. There was insufficient documentation in the treatment plan review or in the progress notes to support the formulation of the new treatment plan

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**Chapter:** Human Resources  
**Program:** Behavioral Health Care Accreditation  
**Standard:** HR.02.01.03  
**Standard Text:** The organization assigns initial, renewed, or revised clinical responsibilities to staff who are permitted by law and the organization to practice independently.  
**Primary Priority Focus Area:** Credentialed Practitioners

## The Joint Commission Findings

### Element(s) of Performance:

8. Before assigning renewed or revised clinical responsibilities to staff who are permitted by law and the organization to practice independently, the following occurs: The organization evaluates the results of any peer review of the individual's clinical performance.



### Scoring Category :A

Score : Insufficient Compliance

### Observation(s):

EP 8

Observed in Competency Session at VCPHCS I, LLC d.b.a. ADC Recovery & Counseling Center (3041 Getwell Road, Bldg. A Suite 101, Memphis, TN) site.

One of two Licensed Independent Practitioners was re privileged 11/1/2010 and there was no peer review conducted of the individuals clinical performance.

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**The Joint Commission**

## **Miscellaneous Information**

U.S. Department of Commerce

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State &amp; County QuickFacts

## Shelby County, Tennessee

People QuickFacts	Shelby County	Tennessee
Population, 2012 estimate	940,764	6,456,243
Population, 2010 (April 1) estimates base	927,640	6,346,113
Population, percent change, April 1, 2010 to July 1, 2012	1.4%	1.7%
Population, 2010	927,644	6,346,105
Persons under 5 years, percent, 2011	7.2%	6.3%
Persons under 18 years, percent, 2011	26.1%	23.3%
Persons 65 years and over, percent, 2011	10.4%	13.7%
Female persons, percent, 2011	52.3%	51.3%
White persons, percent, 2011 (a)	43.6%	79.5%
Black persons, percent, 2011 (a)	52.3%	16.9%
American Indian and Alaska Native persons, percent, 2011 (a)	0.4%	0.4%
Asian persons, percent, 2011 (a)	2.4%	1.5%
Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a)	0.1%	0.1%
Persons reporting two or more races, percent, 2011	1.3%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	5.8%	4.7%
White persons not Hispanic, percent, 2011	38.6%	75.4%
Living in same house 1 year & over, percent, 2007-2011	82.0%	84.1%
Foreign born persons, percent, 2007-2011	6.0%	4.5%
Language other than English spoken at home, percent age 5+, 2007-2011	8.6%	6.4%
High school graduate or higher, percent of persons age 25+, 2007-2011	85.5%	83.2%
Bachelor's degree or higher, percent of persons age 25+, 2007-2011	28.3%	23.0%
Veterans, 2007-2011	61,732	501,665
Mean travel time to work (minutes), workers age 16+, 2007-2011	22.3	24.0
Housing units, 2011	397,976	2,829,025
Homeownership rate, 2007-2011	60.8%	69.0%
Housing units in multi-unit structures, percent, 2007-2011	27.7%	18.1%
Median value of owner-occupied housing units, 2007-2011	\$136,200	\$137,200
Households, 2007-2011	340,394	2,457,997
Persons per household, 2007-2011	2.66	2.50
Per capita money income in the past 12 months (2011 dollars), 2007-2011	\$25,470	\$24,197
Median household income, 2007-2011	\$46,102	\$43,989
Persons below poverty level, percent, 2007-2011	20.1%	16.9%
Business QuickFacts	Shelby County	Tennessee
Private nonfarm establishments, 2010	20,038	131,582 <sup>1</sup>
Private nonfarm employment, 2010	419,469	2,264,032 <sup>1</sup>
Private nonfarm employment, percent change, 2000-2010	-12.1	-5.3 <sup>1</sup>
Nonemployer establishments, 2010	77,496	465,545
Total number of firms, 2007	76,350	545,348
Black-owned firms, percent, 2007	30.9%	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	0.3%	0.5%
Asian-owned firms, percent, 2007	3.4%	2.0%

# Midmonth Report for December 2012

- \* This report is a count of people taken in the middle of the month for which the report was run.
- \* This report is run three months after the month of the report in an effort to reduce fluctuations in the results.

MCO	REGION	Total
Awaiting MCO assignment		1,488
AMERIGROUP COMMUNITY CARE	Middle Tennessee	198,396
BLUECARE	East Tennessee	215,718
BLUECARE	West Tennessee	178,369
TENNCARE SELECT	All	45,118
UnitedHealthcare Community Plan	East Tennessee	193,993
	Middle Tennessee	198,478
	West Tennessee	173,920
Grand Total		1,205,480

COUNTY	0 - 18	19 - 20	21 - 64	65 ->	Female Total	Male 0 - 18	Male 19 - 20	Male 21 - 64	Male 65 ->	Male Total	Grand Total
ANDERSON	3,745	299	3,290	619	7,954	3,903	202	1,602	281	5,988	13,942
BEDFORD	3,306	224	2,189	256	5,976	3,396	131	967	106	4,600	10,576
BENTON	895	78	764	155	1,892	975	43	447	66	1,531	3,424
BLED SOE	740	62	625	123	1,549	838	53	361	51	1,304	2,853
BLOUNT	5,189	426	4,452	700	10,767	5,216	289	2,018	297	7,820	18,587
BRADELEY	4,916	423	4,383	642	10,365	5,318	276	1,967	281	7,843	18,208
CAMPBELL	2,694	247	3,063	665	6,669	2,818	207	1,742	393	5,160	11,829
CANNON	679	62	613	131	1,484	781	44	304	59	1,188	2,672
CARROLL	1,676	140	1,602	335	3,753	1,884	101	835	150	2,969	6,723
CARTER	2,919	240	2,575	716	6,450	3,141	153	1,339	270	4,903	11,353
CHEATHAM	1,751	130	1,406	178	3,465	1,862	121	627	84	2,693	6,159
CHESTER	946	87	805	153	1,991	938	55	325	69	1,387	3,379
CLAIBORNE	1,840	167	1,853	556	4,416	1,917	101	1,183	253	3,455	7,871
CLAY	520	33	430	105	1,088	491	28	288	77	864	1,951
COCKE	2,547	217	2,356	460	5,580	2,614	164	1,339	234	4,350	9,930
COFFEE	3,119	241	2,650	391	6,401	3,202	161	1,145	165	4,673	11,074
CROCKETT	984	70	726	216	1,997	961	57	350	79	1,447	3,444
CUMBERLAND	2,847	236	2,309	508	5,900	2,982	177	1,148	225	4,531	10,431
DAVIDSON	36,428	2,549	27,360	3,259	69,596	37,526	1,763	10,212	1,483	50,983	120,580
DECATUR	580	54	542	203	1,379	661	44	305	74	1,084	2,463
DEKALB	1,461	78	980	196	2,416	1,268	67	528	90	1,942	4,358
DICKSON	2,545	155	2,157	325	5,182	2,611	134	901	102	3,747	8,929
DYER	2,537	228	2,278	431	5,474	2,654	151	967	146	3,918	9,392
FAYETTE	1,564	133	1,186	295	3,178	1,729	87	532	118	2,486	5,645
FENTRESS	1,267	108	1,255	382	3,012	1,368	83	795	182	2,428	5,440
FRANKLIN	1,732	150	1,510	271	3,662	1,810	92	703	111	2,716	6,379
GIBSON	2,928	249	2,598	648	6,424	3,051	210	1,125	264	4,651	11,075
GILES	1,439	133	1,245	270	3,087	1,442	94	634	107	2,277	5,364
GRAINGER	1,325	105	1,109	295	2,834	1,319	66	674	153	2,211	5,045
GREENE	3,246	253	3,085	730	7,313	3,361	174	1,662	366	5,564	12,877
GRUNDY	1,072	99	1,080	225	2,475	1,153	83	598	142	1,976	4,451
HAMBIEN	3,937	255	2,748	574	7,514	4,003	148	1,230	241	5,623	13,137
HAMILTON	15,494	1,190	13,724	2,269	32,678	16,234	800	5,335	843	23,212	55,890
HANDCOCK	491	50	526	170	1,238	562	40	311	79	983	2,231
HARDMAN	1,656	134	1,521	350	3,662	1,618	96	775	160	2,595	6,257
HARDIN	1,609	144	1,438	393	3,585	1,642	103	705	197	2,717	6,302
HAWKINS	3,077	291	2,851	560	6,779	3,254	165	1,445	259	5,124	11,903

218 = 3773

Female  
0-18male  
0-18

Total

HAYWOOD	1,412	121	1,328	300	3,161	1,496	92	417	116	2,122	5,283
HENDERSON	1,650	138	1,457	288	3,514	1,660	91	641	96	2,488	6,002
HENRY	1,920	166	1,612	283	3,981	1,989	126	745	121	2,981	6,963
HICKMAN	1,439	134	1,273	178	3,024	1,540	109	686	83	2,418	5,442
HOUSTON	429	43	389	118	979	480	27	206	75	789	1,768
HUMPHREYS	958	87	834	153	2,033	962	43	393	65	1,464	3,497
JACKSON	638	41	612	152	1,443	667	28	357	94	1,146	2,538
JEFFERSON	2,779	224	2,193	515	5,711	2,873	130	1,086	194	4,283	8,994
JOHNSON	960	84	883	289	2,215	953	67	566	159	1,745	3,960
KNOX	17,346	1,301	15,655	2,407	36,709	18,103	859	6,556	986	26,504	63,213
LAKE	431	42	518	152	1,143	513	30	214	71	828	1,971
LAUDERDALE	1,937	157	1,804	318	4,217	2,035	126	713	124	2,999	7,216
LAWRENCE	2,322	199	1,962	412	4,895	2,487	149	928	173	3,737	8,632
LEWIS	719	59	600	129	1,508	767	44	278	60	1,149	2,657
LINCOLN	1,784	145	1,439	323	3,691	1,859	108	685	122	2,774	6,465
LOUDON	2,115	132	1,502	310	4,059	2,088	97	684	119	2,988	7,047
MACON	1,595	150	1,285	259	3,289	1,710	88	672	106	2,576	5,865
MADISON	5,984	490	5,403	831	12,707	5,951	326	1,795	331	8,403	21,111
MARION	1,660	168	1,581	265	3,673	1,655	100	668	148	2,571	6,243
MARSHALL	1,620	128	1,307	175	3,230	1,680	74	542	70	2,366	5,595
MAURY	4,197	308	3,457	551	8,514	4,491	246	1,307	187	6,231	14,745
MCMINN	2,742	225	2,459	521	5,946	2,959	159	1,129	221	4,467	10,413
MCMURRY	1,695	176	1,648	406	3,925	1,781	133	904	207	3,026	6,950
MEIGS	739	58	621	89	1,507	695	55	306	49	1,106	2,612
MONROE	2,513	229	2,236	508	5,487	2,784	142	1,178	257	4,360	9,847
MONTGOMERY	6,897	566	5,694	662	13,819	7,127	296	1,843	219	9,485	23,303
MOORE	222	25	165	53	465	268	9	100	16	393	858
MORGAN	1,137	80	909	187	2,314	1,183	68	533	103	1,887	4,201
OBION	1,762	140	1,584	313	3,799	1,867	86	602	103	2,658	6,456
OVERTON	1,127	76	948	277	2,428	1,228	57	543	145	1,973	4,402
PERRY	518	41	397	87	1,042	534	29	213	44	821	1,863
PICKETT	224	21	176	94	514	267	7	127	49	450	964
POLK	900	52	843	158	1,952	956	56	455	80	1,547	3,499
PUTNAM	3,713	364	3,262	786	8,125	3,945	233	1,724	305	6,208	14,333
RHEA	2,258	172	1,824	337	4,590	2,271	113	886	136	3,406	7,996
ROANE	2,339	212	2,336	570	5,457	2,682	128	1,303	229	4,341	9,798
ROBERTSON	3,475	210	2,319	377	6,381	3,604	119	937	157	4,817	11,197
RUTHERFORD	11,202	948	7,979	970	21,100	11,630	536	2,855	363	15,385	36,484
SCOTT	1,804	149	1,694	407	4,053	1,844	119	966	194	3,124	7,178
SEQUATCHIE	896	67	766	143	1,872	940	49	420	60	1,470	3,342
SEVIER	4,696	334	3,111	453	8,595	5,025	189	1,233	169	6,616	15,211
SHELBY	68,882	6,165	55,546	6,608	137,201	70,508	4,342	16,019	2,416	93,285	230,486
SMITH	994	82	863	180	2,119	1,018	62	402	62	1,545	3,664
STEWART	658	58	627	122	1,464	699	28	289	59	1,074	2,539
SULLIVAN	7,025	615	6,740	1,341	15,721	7,324	419	3,377	610	11,730	27,451
SUMNER	6,884	560	5,352	825	13,421	7,092	378	2,039	303	9,811	23,232
TIPTON	3,459	337	2,607	366	6,769	3,602	211	944	150	4,907	11,675
TROUSDALE	473	33	365	83	954	460	30	188	36	714	1,668
UNICOI	885	64	817	272	2,038	989	51	1,551	131	1,551	3,590
UNION	1,299	110	925	163	2,497	1,292	61	527	88	1,968	4,466
VAN BUREN	306	25	255	64	651	325	15	149	46	535	1,185
WARREN	2,506	179	2,127	449	5,262	2,645	127	1,058	179	4,010	9,272
WASHINGTON	4,816	428	4,819	992	11,054	5,078	285	2,200	385	7,948	19,002
WAYNE	770	62	635	176	1,644	824	35	346	79	1,284	2,928
WEAKLEY	1,674	211	1,502	311	3,698	1,718	122	715	118	2,673	6,371
WHITE	1,507	126	1,288	343	3,264	1,638	99	740	127	2,605	5,868
WILLIAMSON	2,572	169	1,722	346	4,810	2,751	130	722	115	3,718	8,527
WILSON	4,412	303	3,303	497	8,215	4,310	190	1,388	187	6,055	14,270
Grand Total	338,779	27,727	282,848	47,679	697,033	352,317	18,890	117,286	19,954	508,447	1,205,480

0-18

18  
91,096  
18 = 4,614

18  
514,384



**AFFIDAVIT**

2013 MAY 15 AM 11 43

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he/she is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

John L Wellborn  
SIGNATURE/TITLE

Sworn to and subscribed before me this 15 day of MAY, 2013 a Notary  
(Month) (Year)

Public in and for the County/State of DAVIDSON CO, TENNESSEE



Tiffany B. Poulose  
NOTARY PUBLIC

My commission expires 1-11, 2017  
(Month/Day) (Year)

# **ORIGINAL- SUPPLEMENTAL-1**

**ADC Recovery and Counseling  
Ctr.**

**CN1305-018**



May 28, 2013

Phillip M. Earhart, Health Planner III  
Tennessee Health Services and Development Agency  
161 Rosa L. Parks Boulevard  
Nashville, Tennessee 37203

RE: Certificate of Need Application CN 1305-018  
ADC Recovery and Counseling Center--Relocation  
Memphis, Shelby County

Dear Mr. Earhart:

This letter responds to your first request for supplemental information on the subject application. The responses are numbered to correspond to your questions, and are provided in triplicate, with an affidavit.

**1. Applicant Profile, Item 1 and Item 3**

- a. The applicant list the proposed project address on the Letter of Intent as 3041 Getwell Road, Suite 101, Building B, on page 8 of the application as Building A, and no building location is listed under Item 1 on page 1 of the application. Please clarify.**
- b. Please list the phone number of the owner of the facility, agency or institution. Also, the zip code appears to be incorrect.**

The letter of intent, public notice, and page 8 of the application all included "Building B". Attached following this page is revised page 1R. It provides the owner's phone number, removes the excess digit from the zip code, and adds "Building B" to the facility address.

**PART A****1. Name of Facility, Agency, or Institution**

2013 MAY 29 AM 4: 39

ADC Recovery and Counseling Center		
<i>Name</i>		
4539 Winchester Road, Suite 1, Building B	Shelby	
<i>Street or Route</i>	<i>County</i>	
Memphis	TN	38118
<i>City</i>	<i>State</i>	<i>Zip Code</i>

**2. Contact Person Available for Responses to Questions**

John Wellborn		Consultant	
<i>Name</i>		<i>Title</i>	
Development Support Group		jwdsg@comcast.net	
<i>Company Name</i>		<i>E-Mail Address</i>	
4219 Hillsboro Road, Suite 203	Nashville	TN	37215
<i>Street or Route</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>
CON Consultant	615-665-2022	615-665-2042	
<i>Association With Owner</i>	<i>Phone Number</i>	<i>Fax Number</i>	

**3. Owner of the Facility, Agency, or Institution**

VCPHCS I, LLC dba Behavioral Health Group		214-365-6100	
<i>Name</i>		<i>Phone Number</i>	
8300 Douglas Avenue, Suite 750		Dallas	
<i>Street or Route</i>		<i>County</i>	
Dallas	TX	75225	
<i>City</i>	<i>State</i>	<i>Zip Code</i>	

**4. Type of Ownership or Control (Check One)**

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	x
D. Corporation (For-Profit)		I. Other (Specify):	
E. Corporation (Not-for-Profit)			

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

Page Two  
May 28, 2013

**2. Section B., Project Description, Item I**

**a. Please explain the State-Designated Methadone Planning Areas and how this proposed project fits into that plan.**

In response to a request by the Tennessee General Assembly, in late 2001 the Tennessee Department of Health conducted a study of opioid dependency issues and methadone treatment needs in Tennessee—in consultation with other State agencies and experts, and utilizing all available clinical sources, e.g., the 1997 National Institutes of Health Consensus Statement on Methadone Treatment. The study's findings and recommendations were set forth in a Commissioner's Report to the General Assembly. Pages 3-9 of the Commissioner's Report contain most of the concerns, findings, and estimates referred to in this CON application. *Paraphrased highlights are as follows:*

- *Untreated opioid dependency costs U.S. society \$20 billion annually, of which more than \$1.2 billion are health care costs (p. 3).*
- *Most opioid-dependent persons cannot remain drug-free (p. 3). Opioid use leads to criminal behavior; 95% of opioid users in one study reported committing crimes while using opioids (p. 3).*
- *The NIH (National Institutes of Health) literature states that methadone maintenance treatment, or "MMT", is effective in reducing opioid drug use, in reducing crime, in increasing productivity, and in reducing diseases such as AIDS and hepatitis, while providing an opportunity for employment and improved quality of life for patients (p. 3).*
- *From a public policy standpoint, placing persons in a nonresidential methadone treatment program is preferable (to) allowing them to remain dependent on opioids (p. 6).*
- *Available public health data don't accurately quantify the opioid problems in Tennessee (p. 4). However, Federal planning factors indicate that Tennessee probably had 12,300 opioid-dependent residents in 2000/2001, only a fraction of whom were participating in methadone programs (p. 6).*
- *Tennessee had too few methadone programs (p. 4). The closer one lives to a treatment program, the greater likelihood of participation (p. 4). All Tennesseans who are eligible for and choose to participate in a nonresidential methadone treatment program should have reasonable geographic access to a program (p. 6)—to develop a life that could include full employment...(p. 6).*

Page Three  
May 28, 2013

- *Assuring reasonable access to a treatment program led to the Department's designating and recommending 23 Methadone Service Areas (p. 8), with sufficient population (minimum 100,000+) to make a clinic viable (p. 6), and offering geographic access to its residents within an hour's drive (p. 8).*

The General Assembly took no action on this report when it was submitted. Recent 2012 legislation regulating these clinics did not reference the report or its planning areas. The MPA Plan is unrelated to this CON application except as referenced in the application; the project merely allows this OTP to continue to serve the Memphis MPA that it has always served.

**b. The application under the heading "ownership structure" refers readers to Attachment A.4 for information regarding the facilities owned by the applicant's parent organization. The information could not be found. Please provide ownership interest in any other health care institutions.**

The only licensed Tennessee facilities owned by BHG are its several OTP clinics across Tennessee. A list of those was included in Attachment C, Need--3 (location maps). An additional list is attached following this page, for insertion into Attachment A-4.

**c. On page 7 of the application, the applicant states the facility needs a building that is easier for patients to find. Please clarify what makes the current site hard to find by patients.**

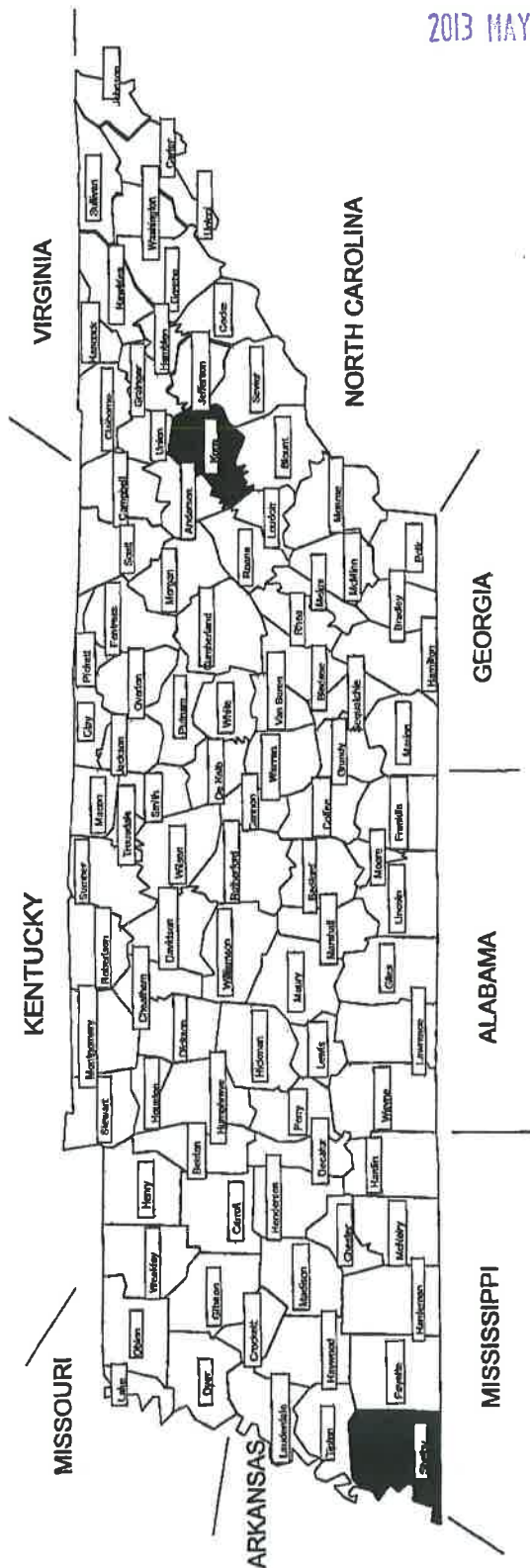
The current facility's entrance is on a one-way side street that is poorly signed and veers off of Getwell Road along an overpass, thus making the Getwell Road address somewhat misleading. In addition, the facility shares a strip development with four other businesses. Two of them are an auto repair shop and an auto body shop. Due to the number of cars parked at these facilities at all times, the clinic is often hard to distinguish. The lot is also surrounded by a fence with barbed wire on top, which is very unattractive. The building is now being maintained poorly and new patients often don't recognize it as a healthcare facility when they first approach.

**d. What is the age of the present facility and the new proposed facility?**

The applicant's real estate agency in Memphis says that the current building is more than 25 years old but has no more specific information. A web search identified no further information. The proposed site is in a very well-maintained building constructed in 1989, approximately 24 years ago.

March 2011

# Tennessee Opioid Treatment Clinics



2013 MAY 29 AM 4:09

**\* Shelby (Memphis)**  
ADC Recovery & Counseling Center  
3041 Getwell, Suite 101  
Memphis, TN 38118  
(901) 375-1050  
Hours of Operation M-F 5a-1:30p; Sat 6a-9a  
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

**\* Memphis Center for Research & Addiction**  
1270 Madison Ave  
Memphis, TN 38104  
(901) 722-9420  
Hours of Operation M-F 5:45a-2p; Sat 6a-9a  
Dosing Hours M-F 5:45a-1p; Sat 6a-9a

**\* Raleigh Professional Associates**  
2960-B Austin Peay Hwy  
Memphis, TN 38128  
(901) 372-7878  
Hours of Operation M-F 5a-1p; Sat 6a-2p  
Dosing Hours M-F 5a-9a; Sat 6a-10a

**Dyer (Dyersburg)**  
MidSouth Treatment Center  
640 Hwy 51 Bypass 3, Suite M  
Dyersburg, TN 38024  
(731) 285-6535  
Hours of Operation M-Sat 5a-11a  
Dosing Hours M-F 5a-11a; Sat 6a-10a

**\* Madison (Jackson)**  
Jackson Professional Associates  
1869 Hwy 45 Bypass, Suite 5  
Jackson, TN 38305  
(731) 660-0880  
Hours of Operation M-F 5a-1p; Sat 6a-2p  
Dosing Hours M-F 5a-1p; Sat 6a-2p

**\* Henry (Paris)**  
Paris Professional Associates  
2555 East Wood Street  
Paris, TN 38242  
(731) 641-4545  
Hours of Operation M-Sat 5a-1p  
Dosing Hours M-Sat 5a-1p

**Hardin (Savannah)**  
Solutions of Savannah  
85 Harrison Street  
Savannah, TN 38372  
(731) 925-2767  
Hours of Operation M-Sat 5:30a-12p  
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

**\* Maury (Columbia)**  
Recovery of Columbia  
1202 South James Campbell Blvd.  
Columbia, TN 38401  
(931) 381-0020  
Hours of Operation M-Sat 5:30a-11a  
Dosing Hours M-F 5:30-11a; Sat 6a-9a

**\* Davidson (Nashville)**  
Middle Tennessee Treatment Center  
2410 Charlotte Avenue  
Nashville, TN 37203  
(615) 321-2575  
Hours of Operation M-Sat 6a-1p  
Dosing Hours M-F 6a-1p; Sat 6a-9a

**Hamilton (Chattanooga)**  
Volunteer Treatment Center, Inc.  
2347 Rossville Blvd  
Chattanooga, TN 37408  
(423) 265-3122  
Hours of Operation M-Sat 5:30a-2p  
Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a

**\* Knox (Knoxville)**  
DRD Knoxville Medical Clinic-Central  
412 Citico Street  
Knoxville, TN 37921  
(865) 522-0661  
Hours of Operation M-Sat 5:30a-2:30p  
Dosing Hours 5:30a-11p; Sat 6a-9a

**\* DRD Knoxville Medical Clinic-Bernard**  
626 Bernard Avenue  
Knoxville, TN 37921  
(865) 522-0161  
Hours of Operation M-Sat 5:30a-2:30p  
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

**\* BHG (9)**

**SUPPLEMENTAL- # 1**  
**May 28, 2013**  
**3:45 pm**



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**e. Approximately how many more parking spaces are available at the new proposed site?**

The current site has only 32 parking spaces for 5 businesses. The auto businesses have 10 in use at all times, for vehicles being worked on. Employees of the businesses take up at least 14 spots. That leaves only 8 spots for clinic patients.

At the new site, 3 adjoining buildings will share 216 spaces (about 72 each building). The clinic will have 36 spaces for its own patients directly in front. Staff will park behind the building. Among the 3 buildings at the new site, there will be a total of 3 businesses, including the clinic.

**f. What is the maximum number of patients that can be seen at the present site and what is the maximum number of patients that can be seen at the proposed site?**

The present site serves about 250 patients and could accommodate no more than 300 patients. It has room for only 5 counseling offices, all of which are in use; and there is no room for expansion. The facility has only two bathrooms, one for staff and one for patients/drug screens. There are only 25 spaces for seating in the waiting room.

The proposed site will be opened with space for five counselors and 250 patients, but has space to build out another four counselors' rooms. It has a larger waiting room. If fully furnished, it could accommodate perhaps 450 patients; but enrollment has been relatively stable thus far.

**3. Section B., Project Description, Item II.A**

**a. Please clarify what "EMP Zoning" is.**

EMP stands for "Employment". An EMP zoning classification accommodates a wide variety of commercial uses, some of which are listed in the Memphis Unified Development Code, and others of which are listed in the chart following this page. A medical clinic such as ADC is permitted under EMP zoning.

2.5 Permitted Use Table  
2.5.2 Use Table Key

Article 2 Districts and Uses

		Key: Blank Cell = Not Permitted ■ = Permitted □ = Special Use Approval C = Conditional Use Permit + = Conditional Use Permit - Significant Neighborhood Structure																													
USE CATEGORY	PRINCIPAL USE	P	OS	FW	CA	CIV	R-MP	R-E	R-15	R-10	R-8	R-6	R-3	R-U-1	R-U-2	R-U-3	R-U-4	R-U-5	R-W	OG	CMU-1	CMU-2	CMU-3	CBD	CMP-1	CMP-2	EMP	WD	H	Use Standard	
Education Facility (see 2.9.3C)	School, Trade, Vocational, Business																														
	Dormitory, housing for students or faculty accessory to educational facilities not classified as colleges, community colleges or universities																														
	Blood Plasma Donation Center																														
Medical Facility (see 2.9.3D)	Medical or Dental Laboratory																														
	Pharmacy																														
	Hospital																														
Park/Open Area (see 2.9.3E)	Medical, Dental or Chiropractic Clinic/Office, massage therapy, or outpatient surgery center																														
	All parks and open areas, except as listed below.																														
	Cemetery, Mausoleum, Columbarium, Memorial Park																														2.6.2D
Passenger Terminal (see 2.9.3F)	Game Preserve, Wildlife Management Area, Refuge, Animal Sanctuary																														
	Recreation Field, without lights																														
	Recreation Field, with lights																														2.6.2E
Social Service Institution (see 2.9.3H)	Reservoir, Control Structure, Water Supply, Water Well																														
	Airport, Heliport, Airline Terminal																														2.6.2F
	Bus, Train Passenger Terminal																														
Place of Worship (see 2.9.3G)	Taxicab Dispatch Station, Limousine Service																														
	Multimodal Facility																														
	All places of worship																														2.6.2G
Utilities (see 2.9.3I)	Off-site parking for places of worship																														
	All social service institutions																														
	All minor utilities																														
Funeral Services (see 2.9.4L)	All major utilities																														
	Amateur Radio Operator Tower (65 feet or less)																														2.6.2H
	Communication towers																														
Indoor Recreation (see 2.9.4A)	CMCS tower and facilities																														2.6.2I
	Wind farm																														2.6.2J
	Solar farm																														
COMMERCIAL	Funeral establishment, funeral merchandise, funeral directing, crematorium and pet crematorium																														2.6.3R
	All indoor recreation, except as listed below: Adult-oriented establishment																														2.6.3S
	Athletic, tennis, swim or health club																														2.6.3T

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**b. There appears to be an incomplete sentence on the top of page 10. Please clarify.**

Attached following this page is revised page 10R, containing the preceding sentences that were omitted from your copy. This page is from our master file of the document.

**c. The applicant has provided a list of businesses on page 11 that are located near the proposed site. Please provide the approximate distance of these businesses to the proposed site. Are these businesses aware of the proposed methadone relocation? Is there support from any of these businesses?**

In compliance with staff practice in prior applications, the applicant listed the businesses within two blocks of the proposed site, in every direction. In another response in this letter, the applicant has also identified any other tenants within the building itself.

The applicant does not know whether nearby businesses are aware of the proposed clinic, or if they support its relocation to this office park. Publication of notice is all that any applicant is required to provide in that regard. However, the applicant believes the landlord who has entered into this lease can be presumed to know if the proposed use is acceptable to other tenants. And of course, upon inquiry from any such businesses, or after CON approval of the move, the applicant will meet with nearby tenants to resolve any concerns they might have.

**d. The applicant states a significant number of guests patients who are traveling through Memphis are also served by ADC Recovery and Counseling Center. Approximately what is the number of "guest patients" are provided care on a monthly basis?**

In 2012 the guests per month averaged 2.8; YTD 2013 the average has been 3.



Entities Surrounding the Site

The site was chosen because of (a) the building quality, (b) its distance from properties with uses that sometimes cause concern when an opioid treatment facility is proposed nearby, and (c) its location within the same general area of South Memphis, where it has quietly met patients' needs for almost a decade.

For example, there are no public schools or parks or residential subdivisions within two city blocks of the proposed project. The site is in an almost entirely commercial area, with a few apartment buildings and community churches, but nothing that could be called a "residential neighborhood" nearby. Almost all patient visits to the facility will occur in the early morning hours. The program does not adversely impact any neighborhood activities currently, and it will not have adverse impacts at the proposed location.

The following page lists businesses and other uses of properties within two blocks of the proposed site, in all directions.

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**4. Section B., Project Description, Item III.A.**

**The attached plot plan is noted. There are some street names that are not legible. Please provide a revised plot plan with all legible street names.**

The originally submitted plot plan provided large lettering only for the streets bordering the office park at the corner where the project will be located. Attached following this page is the same plot plan, with similar large names added to all the other public streets around and inside the office park.

**5. Section B., Project Description, Item III.B.1**

**a. Please provide the walking distance from the nearest bus stop to the proposed site using the Shelby County Mass Transit web-site at <http://www.matatransit.com/>.**

The site is 0.5 miles and 10 minutes walking time from the closest bus stop, at the intersection of Winchester Road and South Goodlett Street.

**b. The applicant states the proposed site will open at 5:00 am. When does public bus service begin each day to the proposed site?**

Buses on route 69 are scheduled to arrive at the Winchester and South Goodlett Street intersection at 6:51 am, Monday through Friday, and at 8:10 am on Saturday.

**c. Approximately how many patients use mass transit?**

Only four of the current 250 patients use mass transit currently--less than one-half of one percent of the total patients.

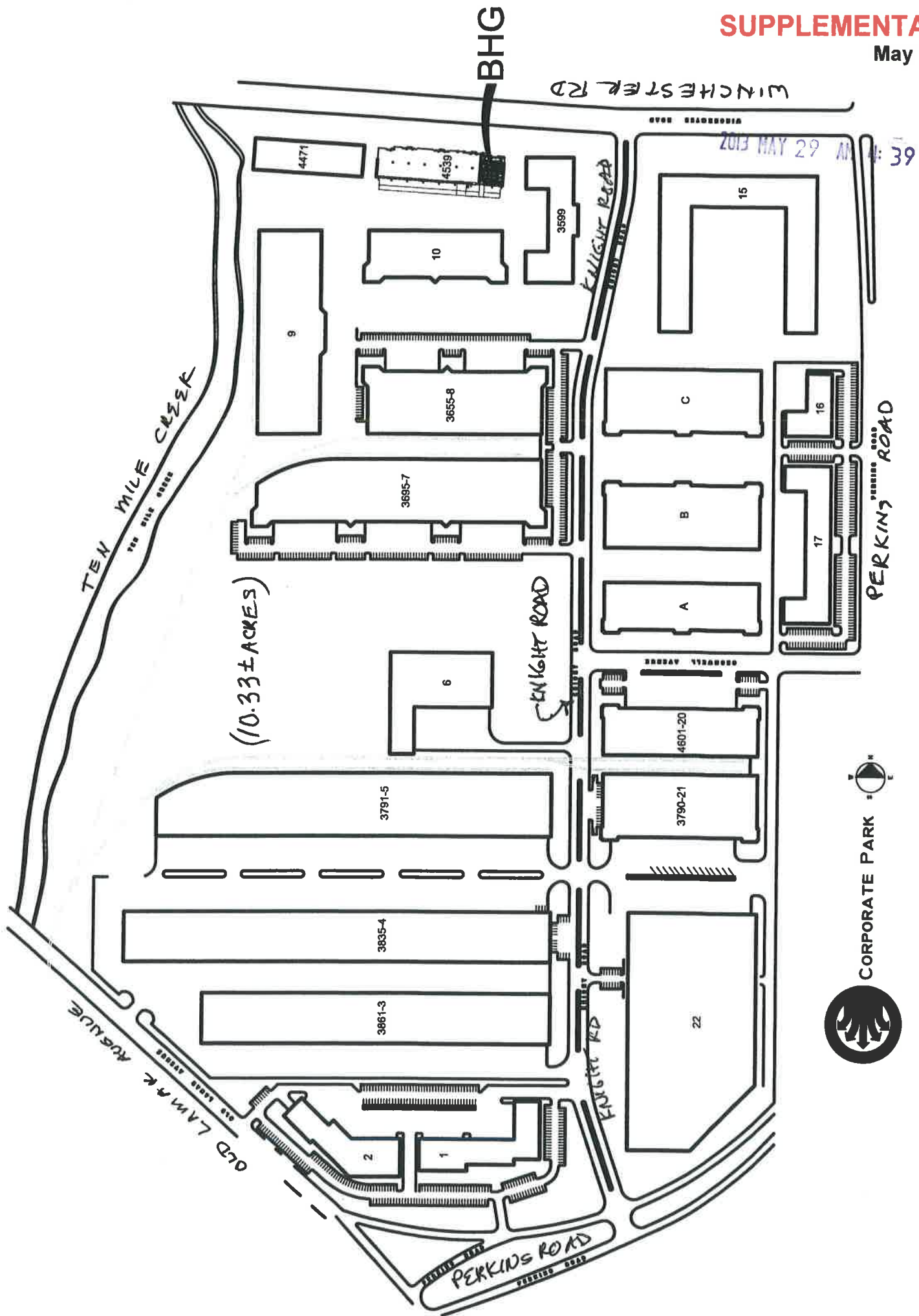
**6. Section C, Economic Feasibility, Item 1 (Project Costs Chart)**

**a. There referenced Architect's letter in Attachment C, Economic Feasibility-1 is not included in the application. Please provide the referenced attachment.**

The architect's letter was submitted in triplicate on Friday, May 17.

SUPPLEMENTAL- # 1

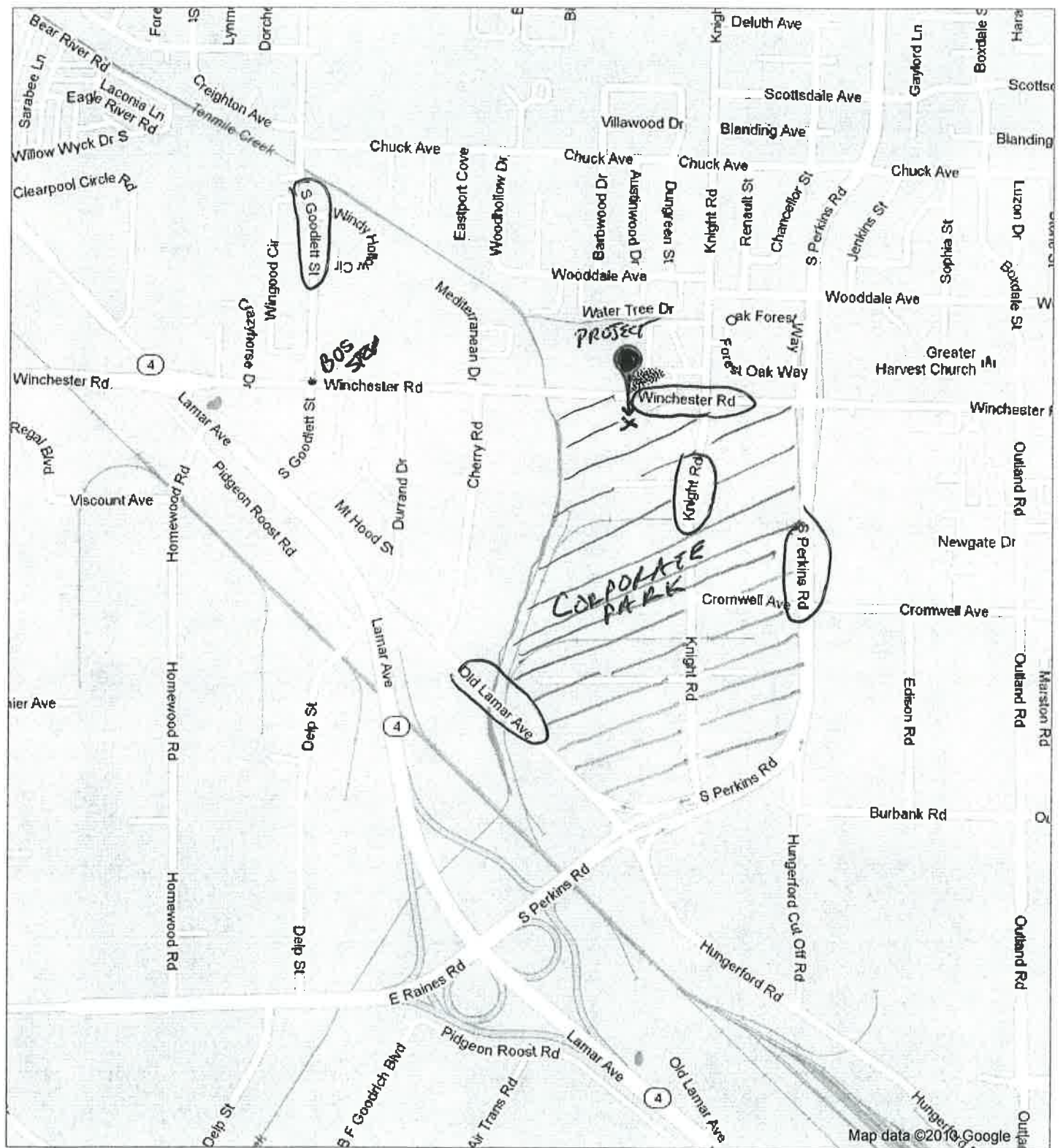
May 28, 2013  
3:45 pm



**SUPPLEMENTAL-#1**

To see all the details that are on the screen, use the "Print" link next to **May 28, 2013 3:45 pm**

# Google





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**b. Please compare the lease cost of the current facility to the new proposed facility.**

Excluding pass-through costs (e.g., common area maintenance, utilities, and taxes), the lease rates at the current and proposed locations are:

Current lease cost, CY2013:	\$45,192
Proposed lease cost, CY2014:	\$22,458

Please note: The comparison is not meaningful. The current lease is a “gross” lease whose level monthly payment covers periodic common building expenses (common area maintenance, taxes, etc.) that are separately billed under a “net” lease. The new lease is a net lease. Its pass-through expenses will be billed separately.

**c. The applicant is leasing 7,106 SF of a building that has 39,200 SF. Are there other businesses located in the building? Who has control of the remainder of the building?**

The only other business in the proposed building is “Medwork Psychotherapy Associates”. The building is controlled by the lessor, whose name on the lease is “Memphis Investments, a Wisconsin Limited Liability Company”.

**7. Section C. Economic Feasibility, Item 2**

**a. The applicant states the proposed project cost of \$671,000 will be funded through cash reserves of VCPHC I, LLC. The balance sheet as of March 31, 2013 indicates cash on hand in the amount of \$23,208. Please clarify if the applicant intends to fund the project through the asset category “Inter-company VCPHCS” that totals \$1,834,805. If so, please clarify this current asset as it relates to Behavioral Health Group’s Balance Sheet that list a total of \$2,559,323 in current assets and current liabilities of \$2,789,332.**

VCPHCS I, LLC’s parent, Behavioral Health Group (BHG), maintains a significant cash balance upon which its Treatment Centers can draw to fund capital projects. VCPHCS I, LLC generates adequate excess cash from ongoing operations to fund ordinary course liabilities (payroll, other Cost of Goods Sold,

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and Operating Expenses) and has done so for the past seven (7) years. BHG (the Parent) also generates additional excess cash flows from its other twenty-eight (28) treatment centers operating in eight (8) states. In addition, BHG has both immediate and unfettered access to an untapped credit line of more than \$5,000,000 and can also call upon committed equity capital that exceeds its credit line. The project will be funded by the BHG (parent company) resources.

**b. The applicant's parent company Behavioral Health Group has a current ratio of .91:1. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities. How is the applicant meeting current liability obligations?**

The current ratio depicted on the March 31, 2013 balance sheet reflects two temporary anomalies that do not reflect on the organization's healthy liquidity position. First, the Company made the discretionary decision to fund the acquisition of three providers in December 2012 with cash (approximately \$2.24 million) as opposed to funding them with long-term debt, which would have maintained the current ratio significantly higher than 1.0. The net effect of this elective decision changed a November Current Ratio of 1.88 (Current Assets \$7.3 million and Current Liabilities \$3.9 million) to one temporarily slightly less than 1.0. In fact, the cash balance prior to funding these acquisitions was \$4.5M. Second, the "Accrued Expenses" liability line item reflects a \$500,000 escrow holdback related to these acquisitions that is due to be paid in December 2013. Elimination of this one-time liability establishes a Current Ratio equal to 1.11:1.00. More importantly, BHG's ongoing strong operating cash flows and ready access to both equity and debt capital ensures excellent liquidity.

#### **8. Section C, Economic Feasibility, Item 4 Historical Data Chart and Projected Data Chart**

**a. On the Historical Data Chart please clarify why depreciation increased from \$26,909 in 2011 to \$210,618 in 2012.**

Depreciation experienced a significant increase as a result of the purchase of the stock of Behavioral Health Group in August 2011 by its current majority owner BHG Investments, LLC. The change in depreciation reflects the amortization of Goodwill assigned to "customer lists", an intangible asset that reflects the value

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paid in excess of the Company's asset value when acquiring the stock. This is a non-cash expenditure that is being amortized over a twenty-four (24) month period and does not impact cash flow.

**b. Why there is \$176,858 in interest paid in 2012 as listed under Capital Expenditures in the Historical Data Chart?**

As mentioned above, a stock purchase of Behavioral Health Group occurred in August 2011. A portion of that purchase price was funded with long-term debt. The interest expense paid in 2012 reflects the allocation of a portion of the debt interest payments by BHG to VCPHCS I, LLC.

**c. The physician salaries and wages are listed as \$48,426 on the Historical Data Chart. On average, how many hours a week do physicians provide services?**

Historically, the Medical Director has provided approximately nine (9) hours of in-clinic coverage across three (3) scheduled days per week. In addition, our Medical Director is available for both consult and emergency in-clinic coverage twenty-four (24) hours per day, seven (7) days per week. VCPHCS I, LLC also maintains a dedicated back-up Program Physician in the event the Treatment Center's Medical Director is unavailable (i.e., goes on a scheduled vacation). Last, VCPHCS I, LLC's historical physician coverage exceeds the mandated regulatory requirements.

**9. Section C, Orderly Development, Item 3**

**The staffing requirement of the proposed project is noted. The applicant's LPN salary range of \$33,250-\$39,000 appears to not be compatible with the Shelby County mean wage of \$39,660. Please clarify.**

LPN's at BHG facilities spend a large majority of their time dosing patients. At a basic level this encompasses sitting at a counter in a dosing booth, handing patients the appropriate amount of medication, and observing the patients' reactions to the medication. This role requires light physical duty and a limited scope of practice when compared with other LPN positions in nursing homes, hospitals, etc. Consequently the range is not equal to that of Shelby County LPN's in general.

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**10. Support Letters**

**Please provide any letters of support from the community, government, judicial and law enforcement, physical and behavioral health care providers, and residents near the proposed facility.**

No support letters have been sought or received, as yet. If any are received, they will be submitted timely to the HSDA staff.

**11. Proof Of Publication**

**Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.**

The originally submitted application contained a folded full page of the newspaper in which the notice of intent appeared (with the mast and dateline intact).

**12. Notification Requirements**

**Please note that Tennessee Code Annotated 68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential methadone treatment facility with the agency, the applicant shall send a notice to the county executive of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential methadone treatment facility has been filed with the agency by the applicant." Please provide documentation that these notification requirements have been met.**

Documentation is attached at the end of this response letter.



**May 28, 2013**

**3:45 pm**

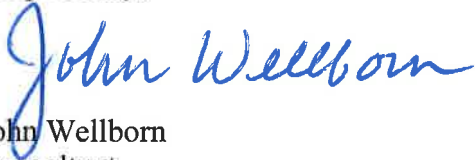
Page Eleven  
May 28, 2013

**Additional Item from Applicant**

The applicant is attaching revised pages 49R-50R after this page. These are the Projected Data Chart and Notes. Errors were discovered in the amounts entered in the rent line. In the revisions, rent includes payments for both the space and certain other items such as software.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn  
Consultant

# PROJECTED DATA CHART -- ADC RECOVERY & COUNSELING CENTER

SUPPLEMENTAL

information for the two (2) years following the completion of this proposal.

iscal year begins in January.

2013 MAY 29 AM 4:38

		Year 2014	Year 2015
	Patients	250	250
Utilization Data	Encounters	91,332	91,332
Revenue from Services to Patients			
1.	Inpatient Services	\$	\$
2.	Outpatient Services	1,235,000	1,274,000
3.	Emergency Services		
4.	Other Operating Revenue (Specify)		
	<b>Gross Operating Revenue</b>	\$ 1,235,000	\$ 1,274,000
Deductions for Operating Revenue			
1.	Contractual Adjustments	\$ 0	\$ 0
2.	Provision for Charity Care	18,525	19,110
3.	Provisions for Bad Debt	30,875	31,850
	<b>Total Deductions</b>	\$ 49,400	\$ 50,960
<b>OPERATING REVENUE</b>		\$ 1,185,600	\$ 1,223,040
Operating Expenses			
1.	Salaries and Wages	\$ 356,582	\$ 365,497
2.	Physicians Salaries and Wages	62,400	63,960
3.	Supplies	38,250	39,000
4.	Taxes	35,658	36,550
5.	Depreciation	15,000	12,000
6.	Rent	22,458	24,208
7.	Interest, other than Capital	-	0
8.	Management Fees		
	a. Fees to Affiliates	0	0
	b. Fees to Non-Affiliates	0	0
9.	Other Expenses (Specify) <small>See notes</small>	240,142	246,052
	<b>Total Operating Expenses</b>	\$ 770,491	\$ 787,267
Other Revenue (Expenses) -- Net (Specify)			
		\$	\$
<b>OPERATING INCOME (LOSS)</b>		\$ 415,109	\$ 435,773
Capital Expenditures			
1.	Retirement of Principal	\$ 0	\$ 0
2.	Interest	140,000	115,000
	<b>Total Capital Expenditures</b>	\$ 140,000	\$ 115,000
<b>OPERATING INCOME (LOSS)</b>			
<b>CAPITAL EXPENDITURES</b>		\$ 275,109	\$ 320,773

Notes to D9, Other Expenses:

<u>Category of Expense</u>	<u>2014</u>	<u>2015</u>
<i><u>Insurance</u></i>		
Insurance		
Liability & Contents	7,500	7,800
Workers Compensation	3,250	2,750
Employee Health/Dental/Vision	26,000	26,910
401k	1,300	1,750
Lab Fees	30,000	31,000
Maintenance	11,000	10,000
Training & Education	1,200	1,800
Security	30,000	30,750
Licenses & Permits	4,200	4,200
Office Expense	14,250	15,000
Utilities	7,200	7,800
Telecommunications	14,200	15,500
Practice Management Software	19,500	19,000
Miscellaneous (1)	54,542	55,292
Corporate Overhead Allocation	16,000	16,500
Total	240,142	246,052

(1) Includes advertising, bank fees, dues & subscriptions, employee recruitment, travel, etc.

**Behavioral Health Group**

**Notification of Public Officials**

**4539 Winchester Road, Suite 1, Memphis, Tennessee 38118**

May 15, 2013

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

The Honorable Antonio Parkinson.  
Representative, State of Tennessee  
P. O. Box 281453  
Memphis, TN 38168

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment  
Center for Opiate Addiction**

Dear Representative Parkinson:

Please be advised that VCPHCS XXI, LLC d/b/a Raleigh Professional Associates has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, Tennessee 38128 to 2165 Spicer Cove, Suite 9, Memphis, Tennessee 38134 (a distance of three miles), at a capital cost estimated at \$1,137,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS XXI, LLC d/b/a Raleigh  
Professional Associates

SUPPLEMENTAL #1

BHG - Spawls Love  
May 28, 2013  
3:45 pm

7011 3500 0001 0063 9613

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Total Postage & Fees \$		
Sent To	The Honorable Antonio Parkinson, Representative, State of Tennessee	
Street, Apt. or PO Box	P. O. Box 281453	
City, State	Memphis, TN 38168	

PS Form 3800, August 2005 See Reverse for Instructions

May 15, 2013

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

The Honorable Reginald Tate  
Senator, State of Tennessee  
88 Union Center, Suite 106  
Memphis, TN 38103

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment  
Center for Opiate Addiction**

Dear Senator Tate:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at \$961,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery  
and Counseling Center

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SUPPLEMENTAL- # 1

B#6  
Winchester, MA  
May 28, 2013  
3:45 pm

7011 3500 0001 0063 9606

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Total Postage & Fees	\$ 3.30

Postmark  
Date  
MAY 15 2013

Sent to The Honorable Reginald Tate  
Senator, State of Tennessee  
88 Union Center, Suite 106  
Memphis, TN 38103

PS Form 3800, August 2006

See Reverse for Instructions



May 15, 2013

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

The Honorable Joe Towns  
Representative, State of Tennessee  
4528 St. Honore Drive  
Memphis, TN 38116

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment  
Center for Opiate Addiction**

Dear Representative Towns:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at \$961,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery  
and Counseling Center

---

**SUPPLEMENTAL- # 1**

May 28, 2013

BHG- Winchester 3:45 pm

7011 3500 0001 0064 1005

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Postage	\$
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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 37.230-9745
Sent to: The Honorable Joe Towns	
Representative, State of Tennessee	
4528 St. Honore Drive	
Memphis, TN 38116	

PS Form 3800, August 2006 See Reverse for Instructions

May 15, 2013

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

The Honorable Mark H. Luttrell, Jr.  
Mayor, Shelby County, Tennessee  
160 N. Main Street, Suite 1850  
Memphis, TN 38103

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment  
Center for Opiate Addiction**

Dear Mayor Luttrell:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at \$961,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery  
and Counseling Center

May 28, 2013

3:45 pm

BHG - Winchester

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Sent To The Honorable Mark H. Luttrell, Jr.  
 Mayor, Shelby County, Tennessee  
 Street, A 160 N. Main Street, Suite 1850  
 or PO Box  
 City, State Memphis, TN 38103

PS Form 3800, August 2006 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Honorable Mark H. Luttrell, Jr.  
 Mayor, Shelby County, Tennessee  
 160 N. Main Street, Suite 1850  
 Memphis, TN 38103

2. Article Number  
 (Transfer from service label)

7011 3500 0001 0064 1012

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature ☒ Agent  
☒ Addressee  
 B. Received by (Printed Name) C. Date of Delivery 5/17/13

D. Is delivery address different from Item 1? ☐ Yes  
 If YES, enter delivery address below: ☐ No

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
 4. Restricted Delivery? (Extra Fee) ☐ Yes

May 15, 2013

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

The Honorable A.C. Wharton, Jr.  
Mayor, City of Memphis  
City Hall, Room 700  
125 N. Main Street  
Memphis, TN 38103

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment  
Center for Opiate Addiction**

Dear Mayor Wharton:

Please be advised that VCPHCS I, LLC d/b/a ADC Recovery and Counseling Center has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 3040 Getwell Road, Suite 101 Building A, Memphis, Tennessee 38118 to 4539 Winchester Road, Suite 1, Memphis, Tennessee 38118 (a distance of two miles), at a capital cost estimated at \$961,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS I, LLC d/b/a ADC Recovery  
and Counseling Center

**SUPPLEMENTAL-#1**

BHG - May 28, 2013  
3:45 pm

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MAY 15 2013

To: The Honorable A.C. Wharton, Jr.  
Mayor, City of Memphis  
City Hall, Room 700  
125 N. Main Street  
Memphis, TN 38103

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature X <i>Tara Tate</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Tara Tate</i> C. Date of Delivery <i>5-17-13</i></p> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p>The Honorable A.C. Wharton, Jr. Mayor, City of Memphis City Hall, Room 700 125 N. Main Street Memphis, TN 38103</p>		<p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.         </p>	
<p>2. Article Number (Transfer from service label)</p> <p>7003 3110 0001 4973 6191</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Recd at  
BBS-540-0012



**AFFIDAVIT**

2013 MAY 29 AM 4: 38

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

ADC Recovery & Counseling Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of may, 2013,  
witness my hand at office in the County of Davidson, State of Tennessee.

Christopher D. Dobbs  
NOTARY PUBLIC

My commission expires 6-21, 2016.

HF-0043

Revised 7/02



# **ORIGINAL- SUPPLEMENTAL-2**

**ADC Recovery and Counseling  
Ctr.**

**CN1305-018**



2013 MAY 31 AM 4: 23

May 29, 2013

Phillip M. Earhart, Health Planner III  
Tennessee Health Services and Development Agency  
161 Rosa L. Parks Boulevard  
Nashville, Tennessee 37203

RE: Certificate of Need Application CN 1305-018  
ADC Recovery and Counseling Center--Relocation  
Memphis, Shelby County

Dear Mr. Earhart:

This letter responds to your second request for supplemental information on the subject application. The responses are numbered to correspond to your questions, and are provided in triplicate, with an affidavit.

**1. Section C, Economic Feasibility, Item 1 (Project Costs Chart)**

**The referenced Architect's letter in Attachment C, Economic Feasibility-1 is not included in the application. The applicant states the architect's letter was submitted in triplicate on Friday May 17, 2013. The letter provided by the applicant in the May 17th submission was from the President and Chief Operating Officer of BHG attesting to the availability of funds to implement the proposed project. Please provide the referenced architect's letter.**

The requested Architect's Cost Attestation Letter is attached following this page.

**2. Section C, Economic Feasibility, Item 4. (Projected and Historical Data Chart)**

**a. Please clarify the reason physician's salaries increase from \$48,426 for 246 patients in 2012 in the Historical Data Chart to \$62,400 (average 9 hrs. of care per week) for 250 patients in Year 2014 in the Projected Data Chart.**

This increase reflects an increase in the rate of compensation and is a result of BHG's attempt to cast a wider net for potential physician applicants by providing a rate more reflective of the quality of individuals (i.e., Board Certified Addictionologists and/or Psychiatrists with American Society of Addiction Medicine Board Certification) whom BHG is seeking to attract to these positions.



1052 Oakhaven Road  
Memphis TN 38119  
901 761 3905  
901 761 4103  
www.dentonarchitecture.com

15 May 2013

Ms Melanie Hill  
Executive Director  
Tennessee Health Services and Development Agency  
161 Rosa Parks Boulevard  
Nashville Tennessee 37203

RE: ADC Recovery and Counseling Center  
4539 Winchester Road Memphis TN

Dear Ms Hill:

Denton Architecture has reviewed the construction cost estimate provided by Newmark Grubb Memphis. Based on experience and the current construction market, it is our opinion that the projected cost of \$497,420 appears to be reasonable for this project type, size & location.

Below is a list of the current codes and laws governing the design and construction of this project.

*Codes:*

- 2009 International Building Code (IBC) (with local amendments)
- 2009 International Mechanical Code (IMC) (with local amendments)
- 2009 International Plumbing Code (IPC) (with local amendments)
- 2009 International Fire Code (IFC) (with local amendments)
- 2009 International Fuel & Gas Code (IFGC) (with local amendments)
- 2009 International Energy Conservation Code (IECC) (with local amendments)
- 2009 International Existing Building Code (IEBC) (with local amendments)
- 2008 National Electrical Code (NEC) (with local amendments)
- 2003 Accessibility Code ICC/ANSI A117.1

*Laws:*

*Americans with Disability Act Accessibility Guidelines (revised 9-15-2010)*

Thank you

A handwritten signature in black ink, appearing to read 'Marcus S Denton', written over a faint, larger version of the same signature.

Marcus S Denton, AIA

Page Two  
May 29, 2013

**b. The applicant states the Medical Director provides nine (9) hours coverage three (3) days per week. In another application filed simultaneously by the applicant's corporation BHG, Raleigh Professional Associates, CN1305-019, the applicant states the Medical director provides approximately twelve (12) hours of coverage across four scheduled days per week. The patient census appears to be similar. Please clarify why there is a discrepancy in physician coverage and if patients with higher acuities are sent Raleigh Associates where there is additional MD coverage.**

The difference in coverage hours is owed to each of the respective Medical Directors' availability and does not reflect a higher level of care at one Treatment Center versus the other. The Raleigh Professional Associates coverage level actually exceeds the patient service needs and reflect the hours of coverage that were being provided when we acquired the Treatment Center. Given the Medical Director's tenure, technical competence, and rapport with the patients and staff, BHG elected to maintain coverage at historical rates. Also, it should be noted that the physician coverage provided at ADC exceeds the Tennessee regulatory requirement to provide "on-site prescriber services of one hour per week for every 35 service recipients" found in 0940-05-42-.29 1.(3)(c)2.

**c. Does the back-up Physician provide services to multiple sites?**

Generally, BHG's back-up physicians will provide services to several facilities if they are located within close proximity to one another. In this case, anyone hired as a back-up physician for ADC will also likely be capable of providing services at BHG's other Memphis locations (Memphis Center for Research and Addiction Treatment and Raleigh Professional Associates). BHG's preferred practice is to have multiple "back-up" physicians under contract for each Treatment Center in order to ensure on-demand availability and the best possible patient care at all of its locations.

**d Please clarify the reason salaries and wages in Year 2014 is \$356,582 for 250 patients and in Raleigh Professional Associates, CN1305-019 is \$497,125 for 260 patients, an increase of \$140,543.**

Raleigh Professional Associates and its staffing costs were acquired by BHG at wage rates higher than the market average, primarily for counselors. Out of fairness to the Raleigh Professional Associates staff, BHG maintained their compensation rates instead of lowering them to align with market rates. In addition, Raleigh Professional Associates is staffed with one (1) additional counselor who will be dedicated to a trial project focused

Page Three  
May 29, 2013

on external case management services development in the greater Memphis area. This effort will benefit all BHG Treatment Center patients, but the cost is carried at Raleigh Professional Associates.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn  
Consultant

SUPPLEMENTAL

AFFIDAVIT

2013 MAY 31 AM 4:23

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

ADC Recovery & Counseling Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30 day of MAY, 2013,  
witness my hand at office in the County of DAVIDSON, State of Tennessee.

Don B  
NOTARY PUBLIC

My commission expires 1-11, 2017.

HF-0043

Revised 7/02





STATE OF TENNESSEE  
HEALTH SERVICES AND DEVELOPMENT AGENCY

500 Deaderick Street  
Suite 850  
Nashville, Tennessee 37243  
741-2364

May 20, 2013

John Wellborn  
Development Support Group  
4219 Hillsboro Road, Suite 1  
Nashville, Tennessee 37215

RE: Certificate of Need Application CN1305-018  
ADC Recovery and Counseling Center

Dear Mr. Wellborn:

This will acknowledge our May 15, 2013 receipt of your application for a Certificate of Need to relocate ADC Recovery and Counseling Center from its current site at 3041 Getwell Road, Suite 101, Memphis, TN 38118, to 4539 Winchester Road, Building B, Suite I, Memphis, TN 38118.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Tuesday, May 28, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

**1. Applicant Profile, Item 1 and Item 3**

The applicant list the proposed project address on the Letter of Intent as 3041 Getwell Road, Suite 101, Building B, on page 8 of the application as Building A, and no building location is listed under Item 1 on page 1 of the application. Please clarify.

Please list the phone number of the owner of the facility, agency or institution. Also, the zip code appears to be incorrect.

**2. Section B., Project Description, Item I**

Please explain the State-Designated Methadone Planning Areas and how this proposed project fits into that plan.

The application under the heading "ownership structure" refers readers to Attachment A.4 for information regarding the facilities owned by the applicant's parent organization. The information could not be found. Please provide ownership interest in any other health care institutions.

On page 7 of the application, the applicant states the facility needs a building that is easier for patients to find. Please clarify what makes the current site hard to find by patients.

What is the age of the present facility and the new proposed facility?  
Approximately how many more parking spaces are available at the new proposed site?

What is the maximum number of patients that can be seen at the present site and what is the maximum number of patients that can be seen at the proposed site?

**3. Section B., Project Description, Item II.A**

Please clarify what "EMP Zoning" is.

There appears to be an incomplete sentence on the top of page 10. Please clarify.

The applicant has provided a list of businesses on page 11 that are located near the proposed site. Please provide the approximate distance of these businesses to the proposed site. Are these businesses aware of the proposed methadone relocation? Is there support from any of these businesses?

The applicant states a significant number of guests patients who are traveling through Memphis are also served by ADC Recovery and Counseling Center. Approximately what is the number of "guest patients" are provided care on a monthly basis?

**4. Section B., Project Description, Item III.A.**

The attached plot plan is noted. There are some street names that are not legible. Please provide a revised plot plan with all legible street names.

**5. Section B., Project Description, Item III.B.1**

Please provide the walking distance from the nearest bus stop to the proposed site using the Shelby County Mass Transit web-site at <http://www.matatransit.com/>. The applicant states the proposed site will open at 5:00 am. When does public bus service begin each day to the proposed site?

Approximately how many patients use mass transit?

**6. Section C, Economic Feasibility, Item 1 (Project Costs Chart)**

There referenced Architect's letter in Attachment C, Economic Feasibility-1 is not included in the application. Please provide the referenced attachment.

Please compare the lease cost of the current facility to the new proposed facility.

The applicant is leasing 7,106 SF of a building that has 39,200 SF. Are there other businesses located in the building? Who has control of the remainder of the building?

**7. Section C. Economic Feasibility, Item 2**

The applicant states the proposed project cost of \$671,000 will be funded through cash reserves of VCPHC I, LLC. The balance sheet as of March 31, 2013 indicates cash on hand in the amount of \$23,208. Please clarify if the applicant intends to fund the project through the asset category "Inter-company VCPHCS" that totals \$1,834,805. If so, please clarify this current asset as it relates to Behavioral Health Group's Balance Sheet that list a total of \$2,559,323 in current assets and current liabilities of \$2,789,332.

The applicant's parent company Behavioral Health Group has a current ratio of .91:1. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities. How is the applicant meeting current liability obligations?

**8. Section C, Economic Feasibility, Item 4 Historical Data Chart and Projected Data Chart**

On the Historical Data Chart please clarify why depreciation increased from \$26,909 in 2011 to \$210,618 in 2012.

Why there is \$176,858 in interest paid in 2012 as listed under Capital Expenditures in the Historical Data Chart?

The physician salaries and wages are listed as \$48,426 on the Historical Data Chart. On average, how many hours a week do physicians provide services?

**9. Section C, Orderly Development, Item 3**

The staffing requirement of the proposed project is noted. The applicant's LPN salary range of \$33,250-\$39,000 appears to not be compatible with the Shelby County mean wage of \$39,660. Please clarify.

**10. Support Letters**

Please provide any letters of support from the community, government, judicial and law enforcement, physical and behavioral health care providers, and residents near the proposed facility.

**11. Proof Of Publication**

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

**12. Notification Requirements**

Please note that Tennessee Code Annotated 68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential methadone treatment facility with the agency, the applicant shall send a notice to the county executive of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return



receipt requested, informing such officials that an application for a nonresidential methadone treatment facility has been filed with the agency by the applicant."

Please provide documentation that these notification requirements have been met.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is July 19, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Mr. John Wellborn  
May 20, 2013  
Page 5

Should you have any questions or require additional information, please contact this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "Phillip Earhart".

Phillip Earhart  
Health Planner III

PME  
Enclosure



STATE OF TENNESSEE  
HEALTH SERVICES AND DEVELOPMENT AGENCY

500 Deaderick Street  
Suite 850  
Nashville, Tennessee 37243  
741-2364

May 29, 2013

John Wellborn  
Development Support Group  
4219 Hillsboro Road, Suite 1  
Nashville, Tennessee 37215

RE: Certificate of Need Application CN1305-018  
ADC Recovery and Counseling Center

Dear Mr. Wellborn:

This will acknowledge our May 28, 2013 receipt of your supplemental response for a Certificate of Need to relocate ADC Recovery and Counseling Center from its current site at 3041 Getwell Road, Suite 101, Memphis, TN 38118, to 4539 Winchester Road, Building B, Suite I, Memphis, TN 38118.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Thursday, May 30, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

**1. Section C, Economic Feasibility, Item 1 (Project Costs Chart)**

There referenced Architect's letter in Attachment C, Economic Feasibility-1 is not included in the application. The applicant states the architect's letter was submitted in triplicate on Friday May 17, 2013. The letter provided by the applicant in the May 17<sup>th</sup> submission was from the President and Chief Operating Officer of BHG attesting to the availability of funds to implement the proposed project. Please provide the referenced architect's letter.

**2. Section C, Economic Feasibility, Item 4. (Projected and Historical Data Chart)**

Please clarify the reason physician's salaries increase from \$48,426 for 246 patients in 2012 in the Historical Data Chart to \$62,400 (average 9 hrs. of care per week) for 250 patients in Year 2014 in the Projected Data Chart.

The applicant states the Medical Director provides nine (9) hours coverage three (3) days per week. In another application filed simultaneously by the applicant's corporation BHG, Raleigh Professional Associates, CN1305-019, the applicant states the Medical director provides approximately twelve (12) hours of coverage across four scheduled days per week. The patient census appears to be similar. Please clarify why there is a discrepancy in physician coverage and if patients with higher acuities are sent Raleigh Associates where there is additional MD coverage.

Does the back-up Physician provide services to multiple sites?

Please clarify the reason salaries and wages in Year 2014 is \$356,582 for 250 patients and in Raleigh Professional Associates, CN1305-019 is \$497,125 for 260 patients, a difference of \$140,543.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is July 19, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Mr. John Wellborn  
May 30, 2013  
Page 3

Should you have any questions or require additional information, please contact this office.

Sincerely,

A handwritten signature in dark ink, appearing to read "Phillip Earhart". The signature is fluid and cursive, with the first name "Phillip" being more prominent than the last name "Earhart".

Phillip Earhart  
Health Services Development Examiner

PME  
Enclosure

# **Copy**

**Additional information for  
Application**

**ADC Recovery and Counseling  
Center**

**CN1305-018**

2013 MAY 17 AM 11 16

May 17, 2013

Phillip M. Earhart, Health Planner III  
Tennessee Health Services and Development Agency  
161 Rosa L. Parks Boulevard  
Nashville, Tennessee 37203

RE: ADC Recovery and Counseling Center--Relocation Application  
Memphis, Shelby County

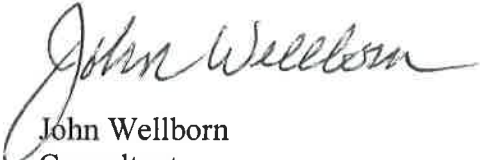
Dear Mr. Earhart:

This letter is to add some follow-up information to the subject application prior to our receipt of your first supplemental request.

1. Attached is the architect's letter attesting to the construction cost. It belongs in Attachment C, Economic Feasibility-1. It was not received until after the application was filed.
2. Attached for insertion into Attachment A.4 is a list of the BHG facilities in the State of Tennessee.
3. Attached is a replacement resume for the facility's Medical Director, Dr. Richard Farmer. This version has some confidential information redacted. Please discard the resume originally submitted in Attachment C, Need--I.A.3.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

  
John Wellborn  
Consultant



Hope • Respect • Caring

8300 Douglas Avenue  
Suite 750  
Dallas, TX 75225  
214-365-6100  
**bhgrecovery.com**

May 13, 2013

Melanie M. Hill, Executive Director  
Tennessee Health Services and Development Agency  
Frost Building, Third Floor  
161 Rosa Parks Boulevard  
Nashville, Tennessee 37203

RE: VCPHCS I, LLC  
Certificate of Need Application to Change Location

Dear Ms. Hill:

VCPHCS I, LLC d/b/a ADC Recovery & Counseling Center is applying for a Certificate of Need to move to a new site in Memphis. This will require a capital expenditure estimated at approximately \$671,000.

The applicant LLC's only member is VCPHCS L.P., a limited partnership which does business as Behavioral Health Group (BHG). I am the President and Chief Operations Officer of Behavioral Health Group.

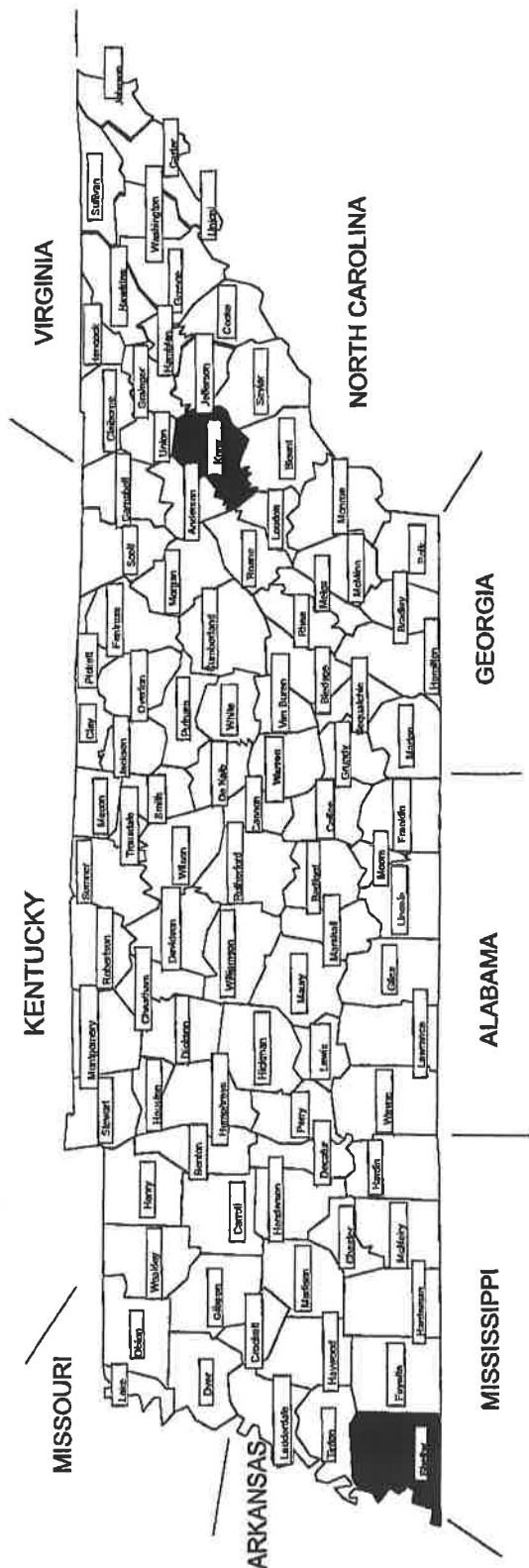
I am writing to confirm that VCPHCS I, LLC has sufficient cash assets to implement this project. The LLC's income statement and balance sheet are included in the application as documentation of its ability to provide project funding.

Sincerely,

James F. Draudt  
President & Chief Operating Officer



# Tennessee Opioid Treatment Clinics



○ ONE LOCATION

● TWO LOCATIONS

● THREE LOCATIONS

\* BHG (g)

**Shelby (Memphis)**  
 ADC Recovery & Counseling Center  
 3041 Getwell, Suite 101  
 Memphis, TN 38118  
 (901) 375-1050  
 Hours of Operation M-F 5a-1:30p; Sat 6a-9a  
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a

**Memphis Center for Research & Addiction**  
 1270 Madison Ave  
 Memphis, TN 38104  
 (901) 722-9420  
 Hours of Operation M-F 5:45a-2p; Sat 6a-9a  
 Dosing Hours M-F 5:45a-1p; Sat 6a-9a

**Raleigh Professional Associates**  
 2960-B Austin Peay Hwy  
 Memphis, TN 38128  
 (901) 372-7878  
 Hours of Operation M-F 5a-1p; Sat 6a-2p  
 Dosing Hours M-F 5a-9a; Sat 6a-10a

**Dyer (Dyersburg)**  
 Midsouth Treatment Center  
 640 Hwy 51 Bypass 3, Suite M  
 Dyersburg, TN 38024  
 (731) 285-6535  
 Hours of Operation M-Sat 5a-11a  
 Dosing Hours M-F 5a-11a; Sat 6a-10a

**Madison (Jackson)**  
 Jackson Professional Associates  
 1869 Hwy 45 Bypass, Suite 5  
 Jackson, TN 38305  
 (731) 660-0880  
 Hours of Operation M-F 5a-1p; Sat 6a-2p  
 Dosing Hours M-F 5a-1p; Sat 6a-2p

**Henry (Paris)**  
 Paris Professional Associates  
 2555 East Wood Street  
 Paris, TN 38242  
 (731) 641-4545  
 Hours of Operation M-Sat 5a-1p  
 Dosing Hours M-Sat 5a-1p

**Hardin (Savannah)**  
 Solutions of Savannah  
 85 Harrison Street  
 Savannah, TN 38372  
 (731) 925-2767  
 Hours of Operation M-Sat 5:30a-12p  
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a

**Maury (Columbia)**  
 Recovery of Columbia  
 1202 South James Campbell Blvd.  
 Columbia, TN 38401  
 (931) 381-0020  
 Hours of Operation M-Sat 5:30a-11a  
 Dosing Hours M-F 5:30-11a; Sat 6a-9a

**Davidson (Nashville)**  
 Middle Tennessee Treatment Center  
 2410 Charlotte Avenue  
 Nashville, TN 37203  
 (615) 321-2575  
 Hours of Operation M-Sat 6a-1p  
 Dosing Hours M-F 6a-1p; Sat 6a-9a

**Hamilton (Chattanooga)**  
 Volunteer Treatment Center, Inc.  
 2347 Rossville Blvd  
 Chattanooga, TN 37408  
 (423) 265-3122  
 Hours of Operation M-Sat 5:30a-2p  
 Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a

**Knox (Knoxville)**  
 DRD Knoxville Medical Clinic-Central  
 412 Citico Street  
 Knoxville, TN 37921  
 (865) 522-0661  
 Hours of Operation M-Sat 5:30a-2:30p  
 Dosing Hours 5:30a-11p; Sat 6a-9a

**DRD Knoxville Medical Clinic-Bernard**  
 626 Bernard Avenue  
 Knoxville, TN 37921  
 (865) 522-0161  
 Hours of Operation M-Sat 5:30a-2:30p  
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a

Date of Preparation: January 2013

## **CURRICULUM VITAE**

**NAME:**

Richard Guerard Farmer, M.D.  
Clinical Professor of Psychiatry  
University of Tennessee  
Health Science Center

**ADDRESS:**

Richard G. Farmer, M.D.  
1355B Lynnfield Road Ste 158  
Memphis, TN 38119

**MARITAL STATUS:**

Susan D. Labovitz

**CHILDREN:**

Terre Farmer Cabellon  
Richard G. Farmer, Jr.  
David W. Farmer  
James B. Farmer

**EDUCATION:**

**Undergraduate:**

University of Tennessee, Knoxville, TN, September 1954-March 1957;

Bachelor of Science awarded December 18, 1958

(awarded at UT College of Medicine, Memphis).

**Graduate/Medical School:**

University of Tennessee College of Medicine, Memphis, TN,

Richard G. Farmer, M.D.

**Graduate/Medical School (continued):**

March 1957-June 1960; Medical Degree awarded June 1960.

**Internship:**

Rotating (Medical/Surgical Type); National Naval Medical Center, Bethesda, MD; July 1960-June 1961.

**Residencies:**

Psychiatry; U.S. Naval Hospital, Oakland, CA; February 1964-January 1965.

Psychiatry; the University of Tennessee; Memphis, TN; October 30, 1966-November 1968.

**PRESENT ACTIVITIES:**

Awarded Clinical Professorship at University of Tennessee Health Science Center. Start date: July 2003.

Course Instructor at the University of Tennessee College of Medicine. Start date: July 2004.

Private practice of Psychiatry and Addictionology with emphasis in the use of newer psychopharmacological agents. Start date: October 2003.

Use of Buprenorphine in the Pharmacologic Management of Opioid Dependence. Start date: October 2003.

**MILITARY SERVICE:**

General Medical Officer and Submarine Medical Officer aboard the USS Bushnell AS-15, Key West, FL; 1 July 1961-10 August 1962.

Fellow (Postgraduate) in Neurology & Psychiatry, at the U.S. Naval Hospital, National Naval Medical Center, Bethesda, MD: August 1, 1962 ( 1 year).

Head, Neuropsychiatry Branch, Department of Medicine, U.S. Naval Hospital, Pensacola,

Richard G. Farmer, M.D.

**MILITARY SERVICE (continued):**

FL, and Staff Psychiatrist, U.S. Naval School of Aviation, Pensacola, FL; August 1963-January 1964.

Head, Neuropsychiatry Branch, Department of Medicine, U.S. Naval Hospital, Newport, RI; February 1, 1965-October 20, 1966.

Honorable Discharge; October 20, 1966.

**BOARD CERIFICATION:**

Diplomat, American Board of Psychiatry and Neurology, Inc.; February 1970.

**MEDICAL LICENSURE:**

Tennessee State Board of Medical Examiners License No. MD 03897, September, 1960.

**SOCIETY MEMBERSHIPS:**

American Medical Association, Member September, 1960 to 2003.

American Psychiatric Association, General Member May 1974 to present.

American Association of Suicidology.

American Association of Chairs of Departments of Psychiatry to 2003.

American Society of Clinical Psychopharmacology.

NAMI, National Associate Professional Member.

American Academy of Addiction Psychiatry.

Richard G. Farmer, M.D.

#### **UNIVERSITY APPOINTMENTS:**

Medical Director, Memphis Center for Research and Addiction Treatment, September 1, 2003 to Present.

Professor, Department of Psychiatry, University of Tennessee Health Science Center, Memphis, awarded July 1, 2003.

Member, Admissions Committee, University of Tennessee Health Science Center, Memphis, College of Medicine, July 1, 1992-May 5, 1999 and July 1, 2003 to July 1, 2004.

Interim Chairman, Department of Psychiatry, University of Tennessee Health Science Center, College of Medicine; July 2000-October 31, 2002.

Master Clinician, Longitudinal Community Program, University of Tennessee Health Science Center, Memphis, College of Medicine; August 1999-2001.

Associate Professor with Tenure, Department of Psychiatry, University of Tennessee Health Science Center Memphis July 1993 and promotion to Professor of Psychiatry June 30, 2003.

Director, Student Mental Health Services, University of Tennessee Health Science Center, Memphis, College of Medicine; September 1, 1989-2003.

Director, Division of Outpatient Services, Department of Psychiatry, University of Tennessee, Memphis, College of medicine, 1988-2004.

Assistant Professor, University of Tennessee, Memphis, College of Medicine; September 1988-June 1993.

Clinical Associate Professor of Psychiatry, University of Tennessee, Memphis, College of Medicine; July 1973-July 1975.

Clinical Assistant Professor, University of Tennessee, Memphis, College of Medicine; November 1968-March 1970.

#### **HOSPITAL APPOINTMENTS:**

The Regional Medical Center, The University of Tennessee, Memphis (Consulting staff) to retirement from the university.

Richard G. Farmer, M.D.

#### **HOSPITAL APPOINTMENTS (continued)**

Baptist Memorial Hospital (Consulting staff) until retirement.

Bowld Hospital, The University of Tennessee, Memphis to retirement.

St. Francis Hospital, Memphis (Consulting staff) August 1988 to July 2004.

#### **PRACTICE (PROFESSIONAL) EXPERIENCE:**

President, Medical Staff, University of Behavioral Health Center, Memphis, TN, July 1995-July 1998.

Concurrent with faculty appointment at the University of Tennessee, Memphis since 1988, member of the University of Tennessee Faculty Practice Plan.

President, Medical Staff, Eden Hospital and Medical Center, Castro Valley, CA, July 1987-1988.

Chief, Department of Psychiatry, Eden Hospital and Medical Center, Castro Valley, CA, July 1984-1985 and July 1986-1987

Clinical Faculty, Department of Psychiatry, Pacific Presbyterian Medical Center, San Francisco, CA, July 1, 1977-July 30, 1988

Private Practice of General Psychiatry, San Francisco, CA, July 1, 1975-August 1, 1988

President, Medical Staff, University Behavioral Health Center, Memphis, TN, July 1995-July 1998

Concurrent with faculty appointment at the University of Tennessee, Memphis since 1988, member of the University of Tennessee faculty practice plan

President, Medical Staff, Eden Hospital and Medical Center, Castro Valley, CA, July 1987-1988

Clinical Faculty, Department of Psychiatry, Pacific Presbyterian Medical Center, San Francisco, CA, July 1, 1977-July 30, 1988

Private Practice of General Psychiatry, San Francisco, CA, July 1, 1975-August 1, 1988

Richard G. Farmer, M.D.

**OTHER APPOINTMENTS:**

Member, Board of Trustees, Memphis Mental Health Institute, Memphis, TN July 2000 to present

Examiner, American Board of Psychiatry and Neurology Chicago, IL; January 1998-May May 2003

**TEACHING EXPERIENCE:**

- (1) Clinical Supervisor to psychiatry residents (PGY-I-IV), academic year, 1-hour sessions September, 1988 to present
- (2) *Diagnosis and Treatment of Psychiatric Disorders*, 16 weeks, 1-12 hour sessions, instructor to PGY-I residents
- (3) Interviewing and Mental Status, 6 weeks, 1-1/2 hour sessions, instructor to PGY-I residents
- (4) Mood and Anxiety Clinic, academic year, 2 hour sessions, instructor to PGY-III residents
- (5) Psychotherapy Clinic, bi-monthly, 1 hour, to M-3 medical students
- (6) Oral examiner, bi-monthly, 1 hour, to M-3 medical students
- (7) Training faculty member for candidates of the oral boards for the American Board of Psychiatry and Neurology
- (8) Mentor, M-1 medical students (2); 2-hour weekly sessions
- (9) *Diagnosis and Treatment of Advanced Psychiatric Disorder*, The Regional Medical Center; 2-hour weekly session, instructor to M-3 medical students from January 2002 to May 2002
- (10) Regular supervision of Intake/Triage evaluation and treatment plans for new patients; M-3 medical students from January 2002 to May 2002

Richard G. Farmer, M.D.

**COMMITTEES AND OFFICES:**

- Member, Board of Trustees, Memphis Mental Health Institute, Memphis, TN
- Member, American Society of Clinical Psychopharmacology, Inc., New York, NY; September 2002 to present.
- Member, American Association of Chairs of Departments of Psychiatry, Farmington, CT 2001, 2002.
- Member, Residency Training Committee, Department of Psychiatry, The University of Tennessee Health Science Center, College of Medicine, Memphis, TN, September 1998-June 2000 and October 2002 to present
- Member, Medical Staff Executive Committee, University Behavioral Health Center, Memphis, TN, July 1996-1998
- Member, Patient Assessment & Treatment Team, University Behavioral Center, Department of Psychiatry, The University of Tennessee, College of Medicine, Memphis, TN, July 1995-1997
- Member, Medical and Scientific Advisory Council, The Mid-South Chapter, Alzheimer's Association, Memphis, TN. July, 1998 to July 2000
- Member, Graduate Medical Education Committee, Baptist Memorial Hospital, Memphis, TN; July 1992 to July 1995
- Member, Student Health and Advisory Committee, University of Tennessee Center for The Health Sciences, Memphis, TN, 1989-Present
- Chairman, Outpatient Services Committee, Department of Psychiatry, The University of Tennessee, College of Medicine, Memphis, TN.
- Chairman, Practice Committee, Department of Psychiatry, The University of Tennessee, College of Medicine, Memphis, TN.
- Member, Admissions Committee, University of Tennessee, College of Medicine, Memphis, TN, September, 1991-August 1998.
- Acting Director, Residency Training Program, The University of Tennessee, Memphis, TN, January 1, 1991-March 1, 1992.
- Chairman, Executive Committee, Department of Psychiatry, The University of



Richard G. Farmer, M.D.

Tennessee, College of Medicine, Memphis, TN.

Chairman, Department of Psychiatry, Professional Services AMA/HFCA

Compliance Committee UT Medical Group Medicare Compliance Corporate Committee, Memphis, TN. July, 1995 to October, 2002

Member, Numerous hospital committees of Eden Hospital and Medical Center, Castro Valley, CA, July 1975-1988.

Founder, Medical Consultant and Instructor, Suicide and Crisis Intervention Service of Memphis, Memphis, TN, May 1970 to present.

#### **BOOK REVIEWS:**

Post-Traumatic Stress Disorder, Diagnosis, Management and Treatment, Martin Dunitz Limited, 2000, David Nutt, DM, MRCP, FRCPsych, Jonathan Davidson, M.D. and Joseph Zobar, M.D., for The Journal of Clinical Psychiatry.

Behavior and Mood Disorders in Focal Brain Lesions, Cambridge University Press, 2000, Julian Bogaslovsky and Jeffrey L. Cummings, for The Journal of Clinical Psychiatry.

Psychological Trauma, Review of Psychiatry Series, Vol. 17, American Psychiatric Press, Inc., 1998, for The Journal of Clinical Psychiatry.

The Anatomy of Psychotherapy, The Analytic Press, August 1988, for The Journal of Clinical Psychiatry.

#### **PRESENTATIONS:**

Behavior in a Psychiatric ER: A Review and Experiences at One ER. Annual Courses for Family Practice Physicians, 1998-2000.

Annual Course at the International Orthopedic Knee and Trauma Symposia, Barcelona, Spain, 1998-1999.

Presentations regarding psychosomatic disorders in orthopedic patients at the Department of Orthopedics, Medisch Centrum Alkmaar, The Netherlands, 1998-1999.

Richard G. Farmer, M.D.

**PRESENTATIONS (continued):**

Brown CS, Ling FW, Farmer RG. Efficacy of Depot Leuprolide in PMS as a Function of Serotonin and Symptom Type. Presented at the 43<sup>rd</sup> Annual Meeting of the American

College of Obstetricians and Gynecologists accepted for publication in American Journal of Obstetrics-Gynecology, May 1994.

Brown CS, Ling, FW, Chesney, CM, Farmer RG. History and Biology Predict LLPDD Subtypes. Presented at the 144<sup>th</sup> Annual Meeting of the American Psychiatric Association, New Orleans, LA, May 1991.

Farmer, RG. New Managements in Suicide and Homicide. Presented at the Department of Psychiatry, University of New York, England, September 15-18, 1983

Farmer, RG. A rating Scale for Crisis Center Volunteers. Presented at the International Suicidology Meeting, Helsinki, Finland, June 1977.

**PUBLICATIONS (RESEARCH IN PROGRESS):**

"Somatoform Disorders In Candidates for Total Knee Replacement."

Participating psychiatrist in the Hormone Replacement Therapy Trial of the Women's Health Initiative (Department of Preventive Medicine). (Finished and published 2002)

"Psychosomatic Disorders in Orthopedic Patients."

"Family Relationships of Adults with Borderline Personality Disorder" (with David Allen, M.D.) (Finished and published, 2003)

"Incidence of PTSD in a Private Outpatient Practice."

"Comparison of Aripiprizole with Other Novel Antipsychotics," Under preparation for Amer. J. Psychiatry."

"Establishment of a Collaborative Care Center for Local Communities." A follow-up study of "The President's New Commission on Mental Health."

Richard G. Farmer, M.D.

**PUBLICATIONS:**

Brown, CS, Farmer, RG, Soberman, J. Cardiovascular Effects of Atypical Antipsychotics, January, 2004, Journal of Pharmacokinetics

Farmer, RG, Brown, CS, Soberman, J. Prolongation of the QTc Interval of the ECG by Novel Antipsychotics, for submission for publication in the J. Clinical Psychiatry. Under review.

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Allen, DM, Farmer RG. Family Relationships of Adults with Borderline Personality Disorder. The Journal of Comprehensive Psychiatry, 1996, Vol. 37, No. (January/February), pp. 43-51.

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Farmer, RG. Providing Milieu Therapy in a Military Setting. Journal of Hospital and Community Psychiatry, September 1968.

Renewal No.  
773151

May 17 AM 11 16  
State of Tennessee

Division Of Health Related Boards

8361709  
License No.  
MD0000003897

This Certifies that  
RICHARD G FARMER, MD  
whose credentials have been approved by the:  
BOARD OF MEDICAL EXAMINERS  
has fulfilled all requirements for renewal and registration as  
required by the Tennessee Code Annotated and is a duly  
authorized: MEDICAL DOCTOR  
in the State of Tennessee through JANUARY 31, 2015



*Rosemarie OHO*  
DIRECTOR, HEALTH RELATED BOARDS

FARMER, RICHARD GUERARD MD  
1355 LYNNFIELD ROAD  
SUITE 158  
MEMPHIS, TN 38119-0000-000



DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
	09-30-2015	\$731
SCHEDULES	BUSINESS ACTIVITY	ISSUE DATE
2,2N, 3,3N,4,5,	PRACTITIONER-DW/100	08-20-2012
FARMER, RICHARD GUERARD MD 1355 LYNNFIELD ROAD SUITE 158 MEMPHIS, TN 38119-0000		

**CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE**  
UNITED STATES DEPARTMENT OF JUSTICE  
DRUG ENFORCEMENT ADMINISTRATION  
WASHINGTON D.C. 20537

Sections 304 and 1008 (21 USC 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

**THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IT IS NOT VALID AFTER THE EXPIRATION DATE.**

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**AFFIDAVIT**

2013 MAY 17 AM 11 18

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

ADC Recovery & Counseling Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 17 day of MAY, 2013,  
witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jim Br  
NOTARY PUBLIC

My commission expires 1-11, 2017.

HF-0043

Revised 7/02





## State of Tennessee

### Health Services and Development Agency

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

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June 1, 2013

John L. Wellborn, Consultant  
Development Support Group  
4219 Hillsboro road, Suite 203  
Nashville TN 37215

RE: Certificate of Need Application -- ADC Recovery and Counseling Center - CN1305-018

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need to relocate ADC Recovery and Counseling Center from its current site at 3041 Getwell Road, Suite 101, Memphis (Shelby County), TN 38118, to 4539 Winchester Road, Building B, Suite I, Memphis, TN 38118. The proposed service area is Shelby County. The estimated project cost is \$961,168.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on June 1, 2013. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on August 28, 2013.

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Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill  
Executive Director

MMH:mab

cc: Dan Henderson, Director, Division of Health Statistics  
J. Richard Lodge, Esq.  
Sandra (Sandy) Braber-Grove, Esq., Assistant General Counsel, TDMH





**State of Tennessee**


**Health Services and Development Agency**

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

**MEMORANDUM**

TO: Sandra Braber-Grove, Esq.  
Assistant General Counsel  
Privacy Compliance Officer  
Office of Legal Counsel  
Tennessee Department of Mental Health  
11th Floor, Andrew Johnson Tower  
710 James Robertson Parkway  
Nashville, TN 37243

FROM:   
Melanie M. Hill  
Executive Director

DATE: June 1, 2013

RE: Certificate of Need Application  
ADC Recovery and Counseling Center - CN1305-018

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on June 1, 2013 and end on August 1, 2013.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

cc: John L. Wellborn, Consultant  
J. Richard Lodge, Esq.  
Sandra (Sandy) Braber-Grove, Esq., Assistant General Counsel, TDMH

## LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before May 10, 2013, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that the ADC Recovery and Counseling Center (an adult non-residential substitution-based treatment center for opiate addiction), owned and managed by VCPHCS I, LLC (a limited liability company), intends to file an application for a Certificate of Need to relocate from its current site at 3041 Getwell Road, Suite 101 Building A, Memphis, TN 38118, to 4539 Winchester Road, Building B, Suite 1, Memphis, TN 38118 (a distance of 2 miles), at a capital cost estimated at \$970,000.

The facility is licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol & Drug Non-Residential Opiate Treatment Facility. It will be used exclusively to provide a comprehensive adult outpatient treatment program for opioid addiction--with testing, monitoring, counseling, medication (including methadone and suboxone) , and related services required for State licensure and for Federal certification by the U.S. Department of Health and Human Services.

The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements. The anticipated date of filing the application is on or before May 15, 2013. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John Wellborn 5-8-13

(Signature)

(Date)

jwdsg@comcast.net

(E-mail Address)